

Social classes and strata in contemporary capitalism

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This is an unpublished essay written in 1981, in the same year that *A Sociedade Estatal e a Tecnoburocracia* (Editora Brasiliense) – a collection of the previous essays on the theory of the new professional class – was published. I intended to include this third essay in a book to be published in English – a project that eventually did not materialize. In 2001, I read the paper and decided to make it available in my web page. It is a dated essay, particularly because Soviet Union does not exist anymore, but I believe that it remains relevant for understanding the social structure of the world we live, and why class analysis lost part of its heuristic power.

Technobureaucracy constitutes a social class to the extent to which it takes on all this social category's specific characteristics. It is no longer a status group, as the bureaucracy was under feudalism and in the competitive phase of capitalism. Technobureaucracy is the dominant class in statism, and the rising class in technobureaucratic capitalism. In a social formation that is basically state controlled like the Soviet Union or China, the technobureaucracy is the dominant class. In mixed social formations such as United States, France or Brazil, where the capitalist mode of production is dominant, the technobureaucracy is increasing both in strength and numbers, although it is subordinated to the bourgeoisie.

According to the Marxist tradition social classes are large social groups defined by their insertion in the fundamental relations of production within a particular economic and social system. Two basic classes exist in capitalism: the dominant class, which controls the state and appropriates economic surplus in the form of profits and interests, and the working class. These two classes are defined by the roles they play in production, the direct result of the social division of labor. Aside from the various smaller subdivisions, there is a fundamental division between those who own the means of production, and consequently control them, and those who do not.

It is this basic relation of production that gives a structural definition to social classes. It establishes the essential functions that social agents fulfill in the productive process as well

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as the corresponding forms of participation in the social product. Supported by the state apparatus, which it controls, the dominant class in each mode of production appropriates surplus for itself. This appropriation takes the form of taxes in the Asiatic economic and social system, slave labor in slavery, the corvée in feudalism, speculative profit or primitive accumulation in mercantile capitalism, and surplus value or profit in capitalism.

Until almost the end of the nineteenth century, workers were forced to accept remuneration for their labor, which corresponded to mere subsistence. Surplus was fully appropriated by the dominant class. Classical economists and Marx defined wage labor precisely as the subsistence level. They developed a theory of income distribution in which wages were given as this subsistence level, yet historically determined, while profits appeared as the residuum, as the consequence of the increase (or decrease, in the stagnation theories of Ricardo and Marx) of productivity. The tremendous increase in productivity brought by capitalism and the increasing organizational capacity of workers changed this picture. Wages began to increase above the subsistence level, in proportion to the increase in productivity, while profits remained relatively constant in the long run, only fluctuating cyclically.¹ Thus, today, in technobureaucratic or contemporary capitalism, workers also appropriate economic surplus: they share with capitalists and technobureaucrats the productivity gains.

To define dominant and dominated social classes in terms of appropriation of surplus does not make sense anymore. But to define classes in terms of their position in the relations of production continues to be valid, as long as we do not translate relations of productions into levels of income. Society today is much more complex, and the division of labor is much more advanced than in the past. Dividing society into classes, according to the position of each individual in the relations of production, is not as direct as it was in the past. But this position continues to be essential in defining social classes. Either you directly own means of production, or you control the bureaucratic organization that owns the means of production, or you perform direct labor. This means you will belong either to the capitalist, to the technobureaucratic middle class, or to the working class.

Major actors in history

The structural definition of the social classes based on relations of production is not meant to be merely descriptive. In terms of the Marxist thought, which underlies the argument, social classes are the privileged players in history, and their action takes the form of class struggle. Social classes define themselves in terms on conflict, in terms of struggle for state power and in terms of the dispute over the appropriation of surplus. In Marx and Engels' words:

The separate individuals form a class only insofar as they have to carry on a common battle against another class... (1846: 82)

¹ I formally developed this inversion of the classical theory of distribution, making profits the independent variable and wages the dependent one, varying according to the increase of productivity in another book (1986).

Yet, aside from class struggle, the conflicts between nations and between fractions within the dominant class must also be considered. Basically, war is a strategy of the dominant classes, a form of appropriating external surplus and also a form of neutralizing internal class conflict. Struggles among fractions of the dominant class take place primarily when the dominant class is so hegemonic that it can afford internal conflicts. Although they are still significant today, these struggles were more important in the past, when the balance of forces between the dominant and dominated classes greatly favored the former.

According to the Marxist tradition, it is impossible to understand society and history if we do not use social classes as basic tools. Yet, conservative sociology always underestimated the role of classes in history. In denying class struggle as a basic motor of history, functionalist sociology must, as a consequence, play down the role of social classes. Marxist and neo-Marxist class theory resisted quite well this type of attack up to the 1970s. Following, however, the general crisis of the left and of Marxism, 'the past decade witnessed, as it were, the erosion of class theory and of other fundamentals of traditional Marxism' (Uwe Becker, 1989: 128).

A basic reason for this, besides the conservative wave of the last ten or twenty years, lies in the emergence of the new class: the technobureaucracy. As we shall see in this part of the book, the social structure of modern technobureaucratic capitalism became much more gradual, much less dichotomic, than the existing one in classical capitalism – the capitalism that Marx described. Social classes remain the basic actors in history. Capitalists and workers continue to act according to their own logic: the logic of profit and accumulation for capitalists, the logic of wage demands for workers. Class struggle and class consciousness continue to be essential factors in history, but the existence of a new middle class between capitalists and workers demand a different type of analysis.

A historical perspective

We have seen that social classes are agents par excellence of history. Yet we have also observed that they are the products of relations of production changing with history. Consequently, the concept of social class varies through different historical periods and keeping with different modes of production. Classes exist in all antagonistic modes of production where a minority, initially through force or coercion, appropriates effective control of the means of production. Relations of production are the determinant factor, so that the economic base is what underlies the essential split between classes. However, it is only in the capitalism that classes take on such a clear and explicit economic character, with political and religious aspects as only secondary concerns.

Thus, it is correct to say that social classes, in the strict sense of the word, are a phenomenon specific to capitalism. It is only in a broad and imprecise sense that Marx and Engels may use this term when they assert: 'the history of all hitherto existing society is the history of class struggles' (1848: 2). In many other writings it is clear that they use the concept of class as a theoretical tool which is particularly useful in explaining how capitalism

functions. It is only with the rise of capitalism that the dominant class can appropriate surplus through explicitly economic means: the mechanism of surplus value. In this way relations between classes defined as economic groups become much clearer, no longer clouded by tradition or religion. Capitalism brings with it liberalism, that postulates equal treatment before the law. What this signifies in terms of the capitalist ideology is that class distinctions have no legitimation based in the legal and ideological superstructure of society. Thus, the economic basis of class becomes more apparent. Some sell and others buy labor in the market; this is where class differences originate.

In pre-capitalist modes of production, it was always necessary for the dominant class to use direct force either alone or joined with tradition and religion, in order to extract surplus. With capitalism the use of force occurs indirectly. To the extent that capitalism is based on the generalization of commodities, the capitalist can appropriate surplus through an essentially economic mechanism, surplus value. While in pre-capitalist modes of production the dominant class's appropriation of surplus had a decisively economic component, it always implied a kind of violence or use of power which is not market power, nor power derived from capital. The taxes imposed by the sovereign in the Asiatic mode of production is clearly a violent means of appropriating surplus. The same can be said for slavery, where the violence is even more apparent. The feudal corvée is still violent, though mitigated by the master's reciprocal obligation of military protection and justified by a strong ideological apparatus.

When surplus is appropriated in these pre-capitalist situations, the economic aspect by which classes are defined tends to be weakened or obscured. The dominant class finds it more important to develop political, legal, and religious justifications to legitimate the coercion and violence by which it appropriates surplus. It is also essential to set up institutional mechanisms, which divide and stratify the dominated classes in order to facilitate their domination. The basically economic nature of social class is thus doubly obscured: on one hand by the introduction of ideological elements and on the other by dividing up society into castes or status groups which would replace classes in terms of social structure. As Lukács notes:

This is true above all because class interests in pre-capitalist society never achieve full (economic) articulation. Hence the structuring of society into castes and estates means that economic elements are inextricably joined to political and religious factors. In contrast to this, the rule of the bourgeoisie means the abolition of the estates-system and this leads to the organization of society along class lines (1922: 55).

Castes and status groups

It is characteristic of pre-capitalist societies to establish castes and status groups or some other kind of social division of labor which are hereditary, rigid, and backed up by religious values and the law. We are often led to believe that castes and status groups play the social classes'

role in pre-capitalist economic formations.² But this is not correct, or it is not the whole truth. India's castes and countless sub-castes and the many types and sizes of status groups or estates in feudal society are not real alternatives to classes, but rather a strategy of the dominant class to hierarchically order and regulate the social system³. Basic social classes still exist, based on their participation in production. But they are further divided into smaller and more stable groups for which rights, and more importantly, responsibilities and limitations are defined. It is said that on the eve of the French Revolution society was divided into three estates: the nobility, the clergy and the people. But the people were further divided into smaller sub-status groups. The situation is similar among the castes in India. On the other hand, status groups are also forms of stratifying the dominant class. Accordingly, Hans Freyer observes:

The military, the priesthood, public office and landholding are ordinarily sectors which the dominant status groups reserve for themselves (1931: 169).

Weber was correct in comparing status groups with castes: 'a caste is doubtless a closed status group'(1916: 39). Nevertheless, he was one of those responsible for the proposition spread widely today that social classes and status groups are alternative forms of social organization. For example, he states that 'classes are groups of people who, from the standpoint of specific interests, have the same economic position', while status group are a 'quality of social honor or the lack of it' (1916: 39). In the same vein, he calls Chapter IV of the First Part of Economy and Society, 'Status and Classes.' Here he defines class in function of market position, that is, based on 'a probability which derives from the relative control over goods and skills and from their income producing uses within a given economic order', whereas 'status (*standische Lage*) shall mean an effective claim to social esteem in terms of positive or negative privileges.' (1922: 302-305).

The notion of social honor, which forms part of the concept of a status group, in fact refers principally to the higher status groups formed by the dominant class and its associates as the pre-capitalist bureaucracy. For a member of the lower class to belong to a professional status group is also viewed by the dominant class and accepted by the dominated class as an indication of social honor. It is an 'honor' and a 'privilege' to belong to the status group of masons or butchers, especially if we consider that the monopoly over this distinction derives from 'appropriation of political or hierocratic powers.' (Weber, 1922: 306). The strategic importance that this kind of distinction holds for the dominant class is apparent.

By establishing castes and status groups, the dominant class neutralizes class struggle. Thus, some authors view as a fundamental difference between the two the presence of conflict in relations between classes versus the absence of conflict between status group. Toennies states that 'estates change over into classes, when they engage in hostile actions or engage one another in war.' (1931: 12). In fact status groups never reach the point of questioning the class

² This is the position taken by Sedi Hirano (1975). I took a similar position in *Empresários e Administradores no Brasil* (1974).

³ According to Ferdinand Toennies, "Today the castes in India number in the thousands if one includes the sub-castes. In the central provinces which have about sixteen million inhabitants, the census of 1901 identified nearly nine hundred caste names which were subsumed, however, by classification under two hundred real castes." (1931:15).

structure itself. The farthest they go is to engage in local or private clashes with other status groups in order to win certain rights or limit those of others.

What is important to remember is that the status group is a subdivision of a class, not an alternative to it. More precisely, it is a subdivision of classes, an internal ranking of the dominant and dominated class. Social classes here are understood in their broad sense as derived from the insertion of social groups in antagonistic relations of production. The status group would be an alternative to the social class if we limit the latter concept to capitalism. This limited conception of class has a certain historical foundation to the extent that classes only appeared in their purest form with capitalism, but we should not lose sight of the more general nature of class and class struggle throughout history.

Nevertheless, it is conceivable for a status group to become a class. On one hand there would have to be new relations of production, which place the status group in a strategic position, and on the other, this social group, as a result, would have to gain critical mass, a universal nature and finally, a vocation for both conflict and domination. Marx and Engels are quite clear about the bourgeoisie's transformation from a status group to a class when they state that:

By the mere fact that it is a class and no longer an estate, the bourgeoisie is forced to organize itself no longer locally, but nationally, and to give a general form to its mean average interest (1846: 80).

This transformation took place when the relations of production for which the bourgeoisie served as vehicle became dominant in society while this new class was gaining critical mass and consciousness of its own interests. The transformation of the bureaucratic status group into the technobureaucratic class is occurring through a similar process in the second half of the twentieth century.

Thus, estates or status groups do not constitute an alternative to the class structure since social classes and status groups are common to all antagonistic modes of production, but on a lower level of abstraction, they can be considered as the feudal alternative to the capitalist class structure. This is why status groups when contrasted with specific classes in capitalism become a useful theoretical tool. This tool helps us to understand the historical differences not only between pre-capitalist and capitalist class structures, but also between the latter and the specific class structure of the technobureaucratic mode of production. While a class structure is common to all antagonistic modes of production, each mode structures classes in its own particular way. Status groups played a fundamental role in feudalism, while with capitalism classes tend to appear in a pure form and in statism, we will see that the concept of 'layer' or 'social stratum' is essential to understanding its class system.

Class and Class Consciousness

As class theory must be the object of a reappraisal in the context of technobureaucratic capitalism, the role of class consciousness must also be revised. The process of class struggle

involves not only concrete measures aimed at organization and control of the state, but also the definition of class interests in ideological terms. Conservative or revolutionary ideologies are politically oriented values and beliefs systems. They are expression of class interests, and their proponents seek to endow them with universal validity. Within this framework, class consciousness is an important, but not necessary, element in the definition of class. All classes possess their respective ideology, but not necessarily class consciousness. The technobureaucratic class is endowed of class consciousness, but this only true as much as it has as project or *raison d'être* to control the large corporations and the state.

Class consciousness would be a necessary element in the definition of class if we were to adopt Lukács' conception, in which class consciousness is not the sum or common denominator of what its members think, but rather an 'objective possibility'. According to Lukács, class consciousness is constituted of

... the thoughts and feelings which men would have in a particular situation if they were able to assess both it and the interests arising from it in their impact on immediate action and on the whole structure of society. Therefore, class consciousness exists potentially in everyone - given some specific historic conditions this potential consciousness 'could be conscious.' (1922: 51-52 and 59).

Although this concept is attractive to the extent that it emphasizes the dialectical relationship between relations of production and class consciousness, I am rather defining social class here as a concrete historical process originating from that dialectical relationship. The dominant class always had class consciousness and exercised its domain not only through control of the means of production and the repressive apparatus, but also through ideological hegemony, while the dominated class is not necessarily endowed with it. In order to maintain its dominant position, the dominant class transmits its ideology to the dominated through the ideological apparatuses existing in society.

In the pre-capitalist period, religion was the main ideological apparatus. In capitalism, educational institutions, political parties, the press, television, and radio have performed this function. If the dominant class can achieve full ideological hegemony, it can annul or neutralize the consciousness of the dominated class. For this reason, the attainment of some consciousness by the dominated is a recent historical phenomenon, and yet a partial one. It appears with capitalism, taking shape when workers organized into unions and political parties, and acquiring stability through the spread of socialist and Marxist ideas. Yet, given the success of capitalism in promoting economic development and transferring productivity gains to workers without endangering a satisfactory profit rate, this attainment is partial.

Thus, class consciousness is not an essential element in defining a class if the class to be defined is the working class. Yet it is a real class, it possesses its own collective interests and ideology in opposition to the dominant class. But it cannot be considered an effective actor in history. A class only becomes an effective historical force once it attains some degree of class consciousness, organizes itself politically and fights for state power. For Therborn (1980: 60), the acceptance or the resistance to class exploitation is not essential to the definition of the ideology of the dominated classes. A purely dominated class is endowed with an ideology based on the ideas of authority and obedience. Class struggle will take place, but, contrarily to Marx's expectation, it will not tend to be revolutionary.

In pre-capitalist societies the dominant class was the only effective historical factor. Fractions of the dominant class disputed state control, but only very rarely did the exploited class take part in these struggles. The latter may have revolted or escaped, or even gained more political space. Dominant class power, however, only suffers a threat with the advent of capitalism and the working class, precisely because the working class is the first dominated class that has ever become organized and developed a consciousness of its own interests.⁴ The economic success of capitalism, however, did not permit that this threat did not turn into revolution. On the contrary, revolution turned increasingly into an unrealistic alternative in contemporary capitalism.

THE NEW CLASS AND THE SOCIAL STRATA

The essential condition for the emergence of a new class is the rise of corresponding relations of production. The new class may or may not have class consciousness, but it is essential that it is not confused with social strata. In principle, in pure modes of production, we only have a dominant and a dominated class: the 'middle class' will correspond to the less rich fractions of the dominant class and the richer fractions of the dominated one. Small and medium sized capitalist on one hand, and skilled workers in the other fall in the first category. Alternatively, in a mixed social formation, the middle class will represent the emergence new relations of production and of corresponding social relations. The technobureaucratic middle class that emerges in technobureaucratic capitalism falls in this second category.

This notion of social class has little in common with the functionalist theories of social stratification. Nor is it the same as the Weberian theories of social class that emphasize purchasing power or market position. It also differs significantly from those Weberian theories developed by Dahrendorf (1957) and Lenski (1966), that focus on power rather than on relations of production to delineate social class. While these theories have a certain utility, especially from a functionalist perspective, in terms of a descriptive and static view of society, they obviously do not meet our needs as a theory that helps to explain the historical process of social and political change. Rather we are interested in a theory of social classes providing us with tools for the analysis of contemporary capitalism, where the technobureaucratic middle class plays an increasingly decisive role.

Social classes are social groups that are defined by the roles they play, dominant or dominated, within society's basic relations of production. Through the inherent process of class struggle, they became the prime players of history. On one hand, this can be explained by the development of the productive forces, which establishes new material conditions for the relations of production, and, on the other, as a function of class struggles which originates in each class' insertion in the relations of production and their resulting class consciousness.

⁴ According to Lukács, "... for pre-capitalist epochs and for the behavior of many strata within capitalism whose economic roots lie in pre-capitalism, class consciousness is unable to achieve complete clarity and to influence the course of history consciously". (1922: 55)

Therefore, in order to a new class establish itself, it is essential that this class takes part in new emerging relations of production, that these new relations of production should be basic to the definition of a new mode of production, and that, as a result, the new social group should be of sufficient size or critical mass to formulate a historical project designed to eventually make it the new dominant class.

The emerging technobureaucratic class, that characterizes technobureaucratic capitalism, fully meets these requirements. In a previous essay (1977) I discussed the concept of class in terms of pure modes of production rather than in terms of concrete social formations. The capitalist mode of production in its purest form (that of England in the nineteenth century) was compared with the technobureaucratic mode of production dominant in the Soviet social formation. Adopting this strategy, I was able to define the technobureaucratic relation of production and identify the technobureaucracy as the dominant class in this mode of production.

While in pure capitalism we have two classes, the bourgeoisie and the workers, and a respective relation of production, capital, in the pure statist mode of production, we also have only two classes, the technobureaucracy and the workers, and a respective relation of production, organization. Capital as a relation of production ceases to exist to the extent that private ownership of the means of production disappears. What replaces it is something I have been calling 'organization': the collective ownership of the means of production by the new professional or technobureaucratic class. While technobureaucrats do not hold legal ownership of the means of production as capitalists do, they are similar to the latter in that they hold their effective control. The most important difference, however, does not concern legal ownership but the fact that capitalism property is private, individual, whereas in the technobureaucratic mode of production property is collective. In the capitalism system, each capitalist either directly owns the means of production, or a proportion of them directly in the form of stocks, or indirectly in the form of credits. In contrast, the technobureaucrats cannot say that they own a business enterprise or even a given part of it. Rather, the technobureaucrats own the bureaucratic organization to the extent that they occupy a position in its organizational hierarchy and use the organization's resources for their own benefit.⁵

Technobureaucratic capitalism, being a mixed social formation, that remains dominantly capitalist, but shares some statist or technobureaucratic characteristics, is the realm where emerge the new middle class: the technobureaucratic or professional class.

⁵ João Bernardo has a similar point of view concerning technobureaucrats' collective ownership of the means of production. Nevertheless, he speaks of a "state bourgeoisie" and "state capitalism": "What we have here is collective ownership of the state, which cannot be transferred on an individual basis...Collective ownership is maintained within the same social group and its descendants by total control over public education and by the fact that the children of the state bourgeoisie will have, in their childhood, a lengthy education within the family." (1975: 175)

Combining Classes and Strata

A fundamental question in class theory is ‘the middle-class question’, that I will examine ahead. Now it is enough to say that according to Marxist class theory there are no middle classes. Marx and Engels certainly used the expression ‘middle class’, but this was a way to designate the bourgeoisie, which was in the middle of the social structure, between the working class and the land-owning aristocracy.⁶ In this way, Marx and Engels were basically coherent with their own conception of social class, defined by the role large social groups play in the relations of production.

The concepts of social layers or social strata have been utilized as synonyms for class by functionalist sociologists. They consider social class to be a question of social stratification, which, according to Talcott Parsons, is a hierarchical ranking of the individuals of a particular social system. It is the way that individuals occupy positions in the social structure in terms of status. In Parsons words:

Social stratification is regarded here as the differential ranking of the human individuals who compose a given social system their treatment as superior and inferior relative to one another in certain socially important respects (1940: 841).

If we understand social classes as part of a system of stratification, the concept of class is no longer derived from relations of production. Instead, it becomes a mere expedient for the hierarchical division of society into strata in order to better describe it. It is also possible, more or less arbitrarily, to increase the number of strata, as Lloyd Warner did, so that we have an upper-upper class, a lower upper class, an upper middle class, a lower middle class, an upper lower class and lower-lower class (1941).⁷

Nonetheless it is important to point out that the concept of middle class is not merely a functionalist notion. Social scientists from various theoretical perspectives, including Marxists, have utilized it. It prevails because it forms part of our everyday language, and because it is frequently used to describe reasonably well-defined sectors of society.

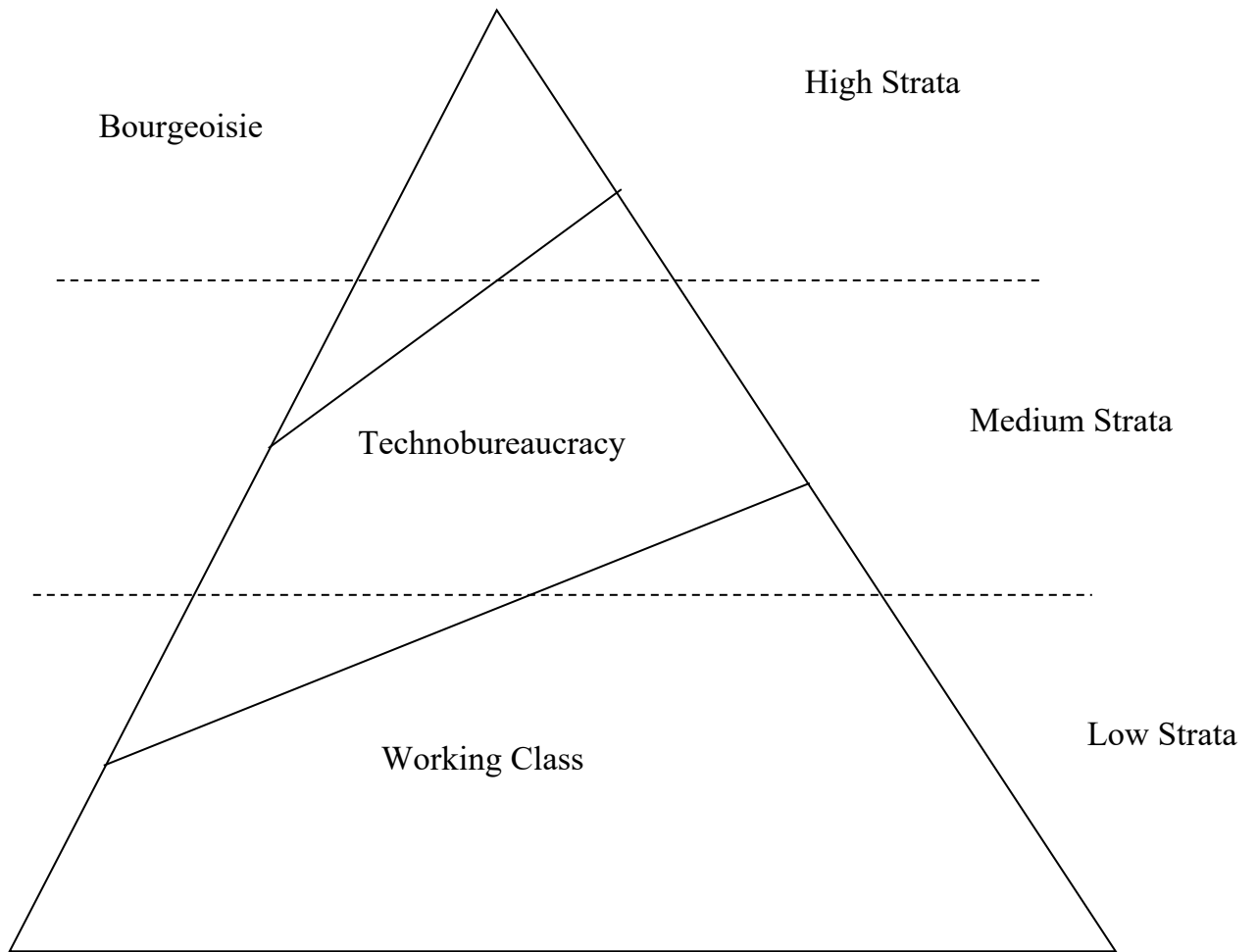
Strictly speaking, it is more correct to speak of upper, lower and middle strata, rather than upper, lower and middle classes. The former constitutes a criterion for social classification which is distinct from that of class and are valid and useful as a tool for sociological analysis. We could define a stratum as a portion of society sectioned off

⁶ Engels, for example, states: "Soon came the time where it appeared as an unavoidable need a capitalist middle class (a bourgeoisie, according to the French), that, fighting against the aristocracy of landowners, destroyed its political power and became, in its turn, economically and politically dominant." (1881:13). Just as Engels uses the term "capitalist middle class" as a synonym for bourgeoisie, so we can speak of a "technobureaucratic middle class" as synonymous with technobureaucracy. What makes no sense is to speak simply of the middle class, since then we confuse social classes with social strata.

⁷ For the methodology used in making this type of analysis, see Lloyd Warner, Marcha Meeker and Kenneth Eels (1949). I used these concepts myself in my earliest academic work, to some extent influenced by functionalism. See "The Rise of the Middle Class and Middle Management in Brazil" (1962).

horizontally in accordance with a series of criteria which allow us to establish a hierarchical order. These more or less arbitrary criteria refer to individuals' economic power and social prestige. The functionalist sociologists examined in depth the correlations which are present and those lacking between social prestige and wealth, occupation, education, race, and religion.

Figure 1: Strata and Classes in Classical Capitalism



Marxists have been extremely critical of functionalist sociology. It is not appropriate to discuss these issues here. Instead, I want to suggest that the concept of social stratum is a useful one for social analysis as long as we do not confuse it with class or use it to replace class. Second, we can use the social strata concept within each social class, or across social

classes. For example, there is an upper bourgeoisie and a middle bourgeoisie.⁸ In the same way we can distinguish an upper, middle and lower technobureaucracy, as well as a hierarchical division of workers comprised of skilled, semi-skilled and unskilled workers.

Figure 13.1 shows how we can combine the concepts of social class and social strata within a given social structure. This example refers to pure or classical capitalism, in which there are only two classes: the bourgeoisie and the proletariat.⁹ The upper stratum consists exclusively of the bourgeoisie, and the lower is comprised solely of workers. The middle stratum, though principally made up of the bourgeoisie, also includes a number of specialized or skilled workers.

Given the co-existence of these two concepts, it is important to ask if the primary determinant of social and political action is identification as social class or as social strata? In other words, we need to know to what extent the fact that a worker belong to a middle stratum has sufficient weight to result in his adopting bourgeois or technobureaucratic ideology and patterns of consumption. The answer to this question is probably positive, though the worker is still strongly influenced by his class condition. Hence, we have a very clear indication that social strata, though expressly distinct from class, also serves as an important tool for political and sociological analysis.

CLASSES IN STATIST SOCIETIES

In this chapter I will discuss the class structure of statist social formations. I could do that with the pure technobureaucratic mode of production, but the analysis would end being too abstract. Besides detecting a new dominant class, the technobureaucracy, I will suggest that in statist societies the distinction among social classes is gradual rather than dichotomic. Or, given that contemporary technobureaucratic capitalism is a mixed social formation in which capitalism is dominant but statism is already present, this type of analysis will serve as a theoretical tool for understanding it. What exists in an extreme form in the pure statist mode of production, and in dominantly statist social formations, like the Soviet Union, appears moderately in the contemporary technobureaucratic capitalist societies.

The class structure in pre-capitalist modes of production was characterized by extremely limited social mobility. In principle, in the caste system there is no social mobility,

⁸ Note that if we define the bourgeoisie as comprised of small owners who employ wage workers while performing manual labor themselves, it constitutes another class, specific to the relation of production which originated in small scale mercantile production. The petty bourgeoisie is always included in the middle stratum.

⁹ It is clear that in this case, as in fact in any case where we use the mode of production concept, we are over-simplifying. We are generalizing and reducing a historical reality to an abstraction. Even in the middle of the last century, when classical capitalism reached its purest form, there were more than two classes. The aristocracy, peasants and small bourgeoisie continued to exist as manifestations of the previous mode of production.

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 its political and religious definition instead of an economic one, as will happen in capitalism.

Social 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’¹⁰ – 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.¹¹

With the emergence of statism in the Soviet Union, two movements in opposite directions take place. Social classes again lose their clear-cut economic character, while 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 societies 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 does 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. It clearly privileges equality over an incentive system promoting innovation and productivity, as it happens in capitalist societies. 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 that exceed this limit only serve

¹⁰ 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).

¹¹ 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.

to confirm the rule.¹² 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 societies if we exclude the earnings of the top-level bourgeoisie. However, in statist societies 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 capitalism, it makes these distinctions more difficult, given its socialist origin (although bureaucratic character). That being the case, material differences in terms of standards of living are reduced. The result is not an egalitarian society, but one that 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.

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 tends to blur. Specialized production workers are becoming increasingly more like technicians. Office clerks perform many routine tasks similar to manual activity. Also, in statist societies, as in some capitalist ones, manual laborers often earn more than office clerks. Actually, in the statist societies 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 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 societies, technobureaucrats are those who participate in the bureaucratic organizations' decision-making processes, performing coordinating functions. A self-managed society would be a socialist and democratic society precisely because all members would participate in its decision-making. This is obviously not what occurs in statist society. Only a minority is

¹² 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.

involved in planning, organizing, and coordinating. Only a minority makes decisions or is consulted directly or indirectly. This minority is made up of technobureaucrats; the rest is formed by workers.

Consequently, the class structure of statist or technobureaucratic society is based on a political variable, power, which becomes an essential element in the relations of production. With pure capitalism, power derives from the ownership of capital and those who have power are those who are rich. In statism, the bureaucratic organization's collective ownership is what determines power and control over the productive process. Actually, while in capitalism capital may be correlated with but cannot be simply 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, in actual social capitalist social formations the correlation between the two is an uncertain one, and, as, first the liberal state, and later, the democratic one emerge, it becomes increasingly thinner. In statism, however, like the pre-capitalist societies, 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 realms; power is economic and political at the same time. The new form of ownership or the dominant relation of production – organization – is a power relation. The economic and the political are necessarily intertwined. Democracy becomes impossible in practical terms.

Gradualism and the Functionalist Approach

Weberian concern with political power as an additional basis in defining class structure in capitalist societies begins to make more sense in this light. Besides capital we have political power, particularly the power coming from the bureaucratic organization. Weberian functionalist sociologists are not seeking to describe a purely capitalist society, an ideal type of capitalism, but rather contemporary capitalist social formations, which show strong traces of what I am calling statism. An extensive technobureaucratic class already exists in technobureaucratic capitalism, a mixed social formation where this class is already defined in terms of power rather than in economic terms.

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 material goods and not vice-versa, as occurs in capitalism, where it is direct ownership of capital that determines social position.

It is important to point out that according to the vision, the statist class structure tends to be somewhat gradual, somewhat similar to that described by functionalist sociologists when speaking about contemporary capitalist societies. In fact, it is rather difficult to imagine a dichotomic structure such as the one existing in Marx's classical (and, more so, in pure) capitalism, where there were only capitalists and workers, owners and non-owners of the means of production. There is no middle term in classical or competitive capitalism: one is either a capitalist or a worker. 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, at the same time, a direct relation of power, organization's 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 gray area between them increases considerably.

After examining the social structure in statist societies, we still may maintain reserves in relation to functionalist way of analyzing social classes as identified with social strata, but we have to admit that they have a point. We can better understand the class theories based on power relations and prestige 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 time 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)

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

societies are able to secure a higher income and much more power than workers do. 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 concludes that ‘statist societies have become more egalitarian’ (1982: 51). Jain's data are summarized in Table 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.

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 makes this claim difficult. Whereas the ideology which values intellectual labor over manual labor is deeply entrenched in capitalist countries, in statist societies this ideology is officially condemned. There is no ideological legitimization for higher income differential.

Table 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.

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 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-owned 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. The problem with statism is not with income distribution, but with economic efficiency and democracy.

Classes as Fluid Layers

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 societies 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 related to their productivity, the technobureaucrats receive salaries that 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, 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. This opposes to the capitalism, which is a class society in the strict sense, where the economic element is fundamental. More specifically, in statist societies, 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.

CLASSES IN CONTEMPORARY CAPITALISM

Pure modes of production only allow for two classes, the dominant and the dominated. Thus, 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 statism, and only can be understood in this context. In the statist social formations like Soviet Union, that I just examined, we also have just two classes

because it is quite near the ideal type of statism. However, if we move from this level of abstraction to that of the one of social formations, of the existing social systems, the rigid dual character disappears. Whereas a mode of production is, mixing Marx with Weber, an ideal type of how societies historically organize the production and circulation of goods as well as the appropriation of economic surplus, social formations or just societies are a 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 that gives us the opportunity for a more precise description and analysis of a given 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 of today's Brazilian social formation and try to describe them in detail. Although very different, capitalism is dominant in each. If we restrict ourselves to its basic characteristics, our analysis will not go very far. 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. 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 that 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.¹³ 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 the deep economic and fiscal crisis beginning in the late 1970s indicated a reversion of this tendency. While there are still pre-capitalist vestiges in Brazil – the marginalized sectors of society have been functionally integrated in the process of capitalist accumulation – the dominant class is the bourgeoisie, and the rising technobureaucratic class,

¹³ 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.

which assumed political power during the authoritarian regime (1964-1984), has lost a considerable part of its influence to the 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.¹⁴

Since social formations have a mixed character, we cannot speak of only two classes when we refer to them and not just to pure modes of production. The origin of the concept of class in Marx's writings probably comes from Saint Simon and Ricardo.¹⁵ 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 labor-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, although dominantly capitalist the English 'modern society' that Marx was acquainted with – the social formation that I call classical or competitive capitalism – was divided in three 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 without real social definition. The bourgeoisie and proletariat are classes specific to capitalism, 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 corresponded to the then dominant mode of production, feudalism, while the latter was already signaling the emergence of a new mode of production.

Three Social Classes

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 corresponding mode of production, because the new technobureaucratic class is emerging also

¹⁴ On the political retreat of the professional or technobureaucratic class in Brazil since, in mid 1970s, the bourgeoisie start break down its political alliance with the military, see Bresser-Pereira (1978).

¹⁵ See Anthony Giddens (1973: 23-25) regarding the influence of Saint Simon on Marx's theory of class.

in the large private organizations.¹⁶ The bureaucracy is no longer a status group made up of state officials, but rather a salaried middle class involved in military and civil life, working for the state, for the non profit sector including universities, and for the big corporations.

This new class is becoming the heart of the '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 performs this role in contemporary capitalism, although we still have a bourgeois 'old' middle class, formed of medium sized capitalists and entrepreneurs. When capitalism was coming into its own as the dominant mode of production, the middle sectors of the emerging bourgeoisie made up the middle strata, as well as the 'petit bourgeoisie' – the small-scale commodity producers that directly participated of production – many of whom eventually 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, side by side 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.

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

¹⁶ - My first paper on the subject, Bresser-Pereira (1962), dealt with the emergence of the technobureaucracy in the Brazilian business enterprises.

columns ('self employed' and 'wage earners') and two lines ('mental labor' and 'manual labor').

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 2). The old middle class and the new middle class, according to Wright Mills' classification, correspond basically to the bourgeoisie and the technobureaucracy. 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 2, while the workers and specially the bourgeoisie relatively diminished, the technobureaucracy increased sharply from 1870 to 1969.

Table 2: Evolution of Social Classes in the U.S.A.

	1870	1940	1969
Bourgeoisie	33	20	8
Technobureaucracy	6	25	41
Workers	61	55	51
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 3 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 3: 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 innovation.	0.3	0.5	0.7	2.2	2.6

Source: Val Burreis (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 4).

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.

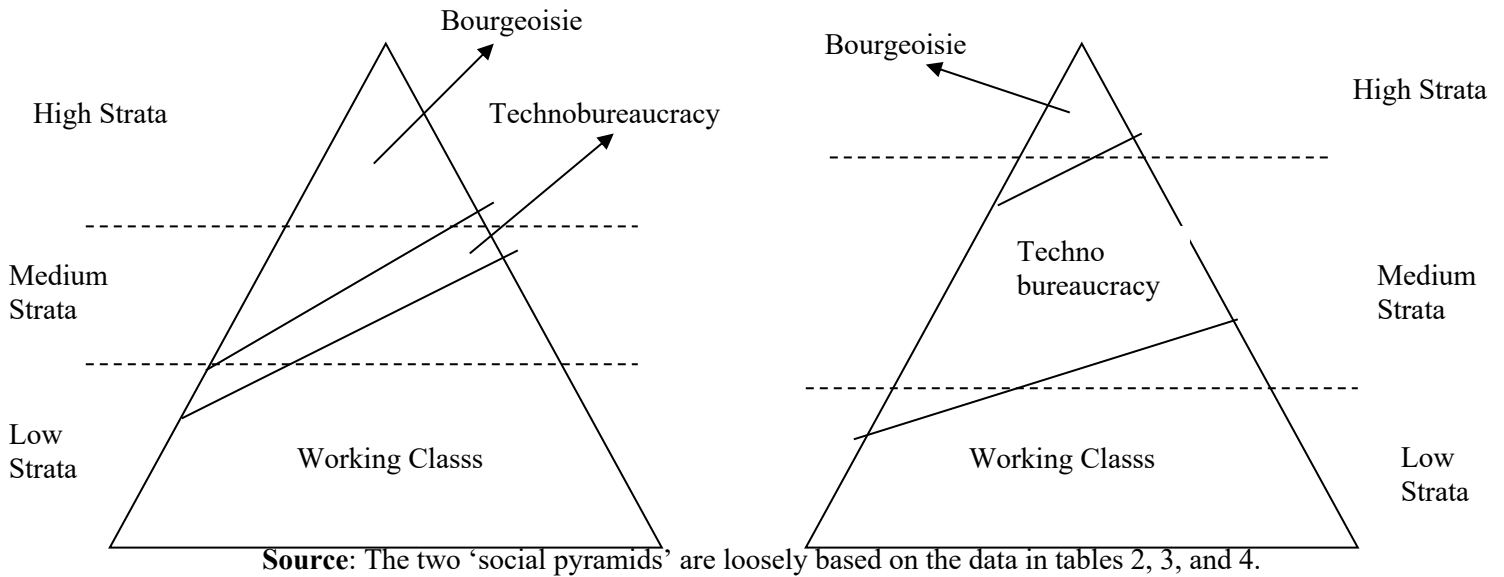
Table 4: Employment by Major Occupational Groups in U.S.

	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).

These data about the American society could be reduced to the model present in Figure 1, in which social classes and social strata are combined. Instead of one theoretical ‘social pyramid’, we have in Figure 2 two, the first grossly reflecting the social structure in the 1940s, the second, in the 1970s. 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. 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 upper and particularly the lower strata have made room for the expanding middle stratum.

Figure 2: Strata and class in US society around 1870 and 1969



The upper technobureaucratic stratum corresponds to 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 civil servants, leading politicians, members of learned professions and similar standing in all spheres of society' (1987: 7). The alternative that I am presenting here 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 'post-imperialist approach', however, is interesting, first, because it realistically acknowledges the emergence of the new class in the industrialized countries, and second, because 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). As I have been emphasizing in otherwise, in Brazil the technobureaucratic class lost political power to the bourgeoisie since mid 1970s, when the transition to democracy began (Bresser-Pereira, 1978).

The 'Middle Class Question'

One motive for defining a technobureaucratic class within contemporary capitalist societies is to present a coherent theoretical solution to the 'middle class question' from a neo-Marxist position - the one that is being adopted in this book for the analysis of social classes and the state. This question has been characterized by the theoretical inability of conventional Marxist analysis to come up with a satisfactory explanation regarding for enormous increase of white-

collar workers in this century. Office workers, salespeople, clerks, managers, technicians, a variety of consultants, military officials and administrators on all levels have multiplied at an astonishing pace in contemporary social formations. A 'new middle class' has emerged in all the industrialized countries.

The importance of this new middle class is fundamental to contemporary capitalism, so that it becomes to do economic or political analysis without considering the role of this class. Its identification either with the bourgeoisie or with the proletariat is obviously unacceptable. Those who believe they have embraced the basic principles of Marx's class theory frequently use the term 'middle class' to identify this great mass of technobureaucrats or white-collar workers. They deny a new class is emerging, but when they speak of the 'middle class' of the 'new middle class', or of the 'salaried middle class', they are actually acknowledging the emergence of a new class and of new relations of production.

Marx did, at times, use the expression 'middle class', but only to identify the petty bourgeoisie and sometimes parts the middle level of the bourgeoisie. This enormous number of managers, officials, consultants, and salespeople working in large public and private, civil and military organizations had not yet appeared. Bureaucrats did not constitute a class yet; they were simply a status group. Consequently, there is no solution for the question of the middle class in Marx's class theory.

Calling this new, immense social grouping the 'middle class' or 'new middle class' is a solution which is incompatible with class theory that is based on the role social classes play in the relations of production. It's an adequate solution for functionalist sociologists whose aim is simply to identify and describe the various social strata in terms of power, prestige, and income. We can use the term middle 'class', although in this case it would be more appropriate to use middle strata or middle layer.

Many Marxists are aware of this, but the theoretical solutions to this problem are either very deceptive or unsatisfactory. We can identify three basic solutions which in the final analysis only add up to one: incorporate the new class either within the bourgeoisie, or within the proletariat, or divide it in two, with the bottom half forming part of the proletariat, and the top half, of the bourgeoisie.¹⁷

The third 'theoretical solution' is implicit or explicit in all 'orthodox' Marxist solutions to this question. The highest strata of the bourgeoisie are identified with the bourgeoisie, and the rest of the new class, from engineers and middle management to office workers and clerks, is indiscriminately lumped together with the proletariat. As a consequence, the bourgeoisie, working class and technobureaucracy lose their specific character as classes. It is no longer possible to define them as a function of concrete relations of production. The bourgeoisie is no longer made up exclusively of those who own the means

¹⁷ As Anthony Giddens observes "Since the turn of the century, when the rate of relative increase in the white-collar sector first became apparent, the idea has been advanced - particularly, of course, by Marxist authors - that this 'new middle class' will become split into two: because it is not really a class at all, since its position, and the outlook and attitudes of its members, cannot be interpreted in terms of property relations." (1973: 192-193).

of production, since the top level of the technobureaucracy is included in their numbers. The working class is no longer characterized by manual or productive labor as it now includes an enormous mass of workers, from office workers to engineers. This identification of the technobureaucrats as working class is usually based on the fact that they are 'wage workers'. First of all, they are not exactly wage workers, since they receive salaries rather than wages. Second, if office workers are wage workers, so are high-level technobureaucrats.

The fact is that this attempt at resolving the 'question of the middle class' is untenable. It can be explained only as a poverty of theory or perhaps the desire of many intellectuals and politicians who belong to the technobureaucracy to identify themselves with the working class. In this sense, we can see the incorporation of low and middle-level technobureaucrats to the working class as a political strategy quite common to the left, which not only seeks to identify itself but also potential followers with the class which would hold power in the future: the proletariat.

Thus, the theory's poverty is wedded to a political unrealistic strategy for class alliance. The result is the expeditious incorporation of the bulk of the 'new middle class' into the working class. In order to substantiate this position empirically, the constantly recurring, though unfounded, argument of the 'proletarianization of the middle class' appears once more. Nevertheless, its inadequacy is apparent, it is a function of the very question that is under examination. If the 'middle class question' exists at all, this is because this social group has increased rather than decreased and subsequently has become a fundamental social and political reality of our time, completely distinct from the question of the working class. Though theoretically imprecise, the expression 'middle class' has become a tool of common usage for the social scientist or anyone else who wishes to analyze current society in terms of economics and politics. This has occurred precisely because this social group has increased, prospered, and become a new social class – the technobureaucracy or the professional middle class – rather than proletarianized, or merged with the working class.

It is true that Marx spoke of the 'proletarianization of the middle class', but he was referring to that process within the traditional middle class, more precisely the proletarianization of the petty bourgeoisie, characterized by small-scale mercantile production. This really occurred then and still occurs, though the petty bourgeoisie continues to survive as an auxiliary class to the bourgeoisie.¹⁸ What Marx could not predict and therefore could not analyze was the appearance of a new class of technobureaucrats, since the indications of its emergence were only weak and imprecise in his time.

Given the inadequacy of the position on the proletarianization of the middle class, some authors have resorted to another kind of argument in order to incorporate the lower and middle levels of the technobureaucracy within the working class. This is the increasing

¹⁸ According to the calculations made by the *Le Capitalisme Monopoliste d'Etat* group, the "non-wage-earning middle strata", that is, the petty bourgeoisie, made up of small farmers, salesmen, craftsmen and other types of independent workers, has decreased sharply in France. They represented 34,3% of the active population in 1954, but only 21% in 1968. (Paul Boccara et al., 1971)

mechanization of their work as well as their tendency to unionize.¹⁹ In fact, mechanization is taking place, in certain cases blurring the clear-cut distinction between office workers and production workers. The low-level technobureaucracy is also exploited within the framework of technobureaucratic capitalism and tends to organize itself into unions. Nevertheless, there is no reason to believe that unions are the exclusive domains of the working class. In fact, their unionization does not necessarily imply an increase in working class power. In referring to the unionization of white-collar workers, Anthony Giddens observes:

Where there are marked divergences and conflicts between manual and non-manual unions, these persist, or may even become accentuated; where there is a higher degree of mutual penetration, the rise in white-collar unionism does not significantly alter such situation. (1973: 193).

The fundamental difference between an office worker, that is, a low-level technobureaucrat, and a production worker, is the fact that the former performs coordinative labor while the latter performs productive or operative labor. Even though production workers often need greater technical knowledge than office workers, they work directly in production, whereas the office worker does paperwork. Such labor is not directly involved in production but rather an auxiliary function of coordination and control.

A further basic distinction is that the office worker follows a bureaucratic career, passing through various steps or positions, whereas the production worker's chances for promotion are quite limited. Production workers generally reach their high point in earnings before their thirtieth birthday. Prior to this they had time to develop the specialized skills necessary for the jobs, while still having their youthful vitality. The office workers, on the other hand, have a long wait until they reach the high point in terms of career and salary. We see this evidenced by the greater social mobility between generations among office employees, or in more general terms, among technobureaucrats, than among productive workers. This greater mobility derives precisely from the fact that career is specific to the technobureaucrat.²⁰

Office workers tend to behave very differently from production workers. The reason for that may be either the distinct nature of the low-level technobureaucrat's work (coordinative labor) in relation to production work (productive labor), or the existence of a career and social mobility for the former and not the latter. The key point is that by the nature of their labor, production workers are the object of capitalist exploitation, of the extraction of the surplus value that they produce. They feel this or know this. On the other hand, though the office workers are also exploited, they perform coordinative labor and feel to some extent that

¹⁹ For an analysis of the mechanization and fragmentation of office work, see Paul Boccarda et al. (1971: 242-244).

²⁰ Poulantzas empirically confirms the greater social mobility of the "new petty bourgeoisie", that is, the technobureaucracy. He states: "There are almost no manual workers at all who move up into the bourgeoisie in the course of their working lives, while this does occur for some 10 per cent of the male white collar 'employees' who change their position (becoming higher-level managers) and the proportion is still greater for the intermediate staff." (1974: 283). His data refers to France today.

they own a share, however small, of the bureaucratic organization. The relations of production are different, and so are the situations of these two classes. As Maurice Halbwachs notes:

One of the chief determinants of their behavior (and here they differ radically from workers proper) seems to be their devotion to the business they work for. There are obvious reasons for this... Clerical workers, like civil servants, occupy a different position from workers. Clerical workers are morally concerned with the progress of their firm. (1955: 106-107)

Both conservative theories on the 'increasingly bourgeois nature of the working class', and Marxist theories of the 'proletarianization of the technobureaucrats', point to the similarity between office workers and production workers. However, Goldthorpe, Lockwood, Bechhofer and Platt's critique of this view is based on extensive research on the British working class in the seventies. They note:

The emphasis placed on the increasing comparability of standards of income and consumption and white-collar occupations had led to neglect of the fact that the two categories remain much more clearly differentiated when their members are considered as producers. Despite the possibly leveling effects of some forms of advanced technology and modern employment policies, the work situation of white-collar employees is still generally superior of that of manual wage earners in terms of working conditions and amenities, continuity of employment, fringe benefits, long term income projects and promotion chances. (1969: 24).

What differentiates the low-level technobureaucrats from the production workers is that the technobureaucrats consider themselves to be a part of the bureaucratic organization they work for and in which there is always the perspective of promotion. The technobureaucrats feel in a way to be partners in the organization because in some way they actually own a small part of the organization, whereas the production workers are absolutely denied ownership of any sort.

Actually, the 'new working class' made up of technical workers is much more a desire, an ideological vision held by certain representatives of the left, than a reality. This is not to say that there are no alliances between fractions of the lower and medium level technobureaucrats and production workers. Communist parties and parties of the left in general throughout the capitalist world are an example of this type of alliance. But it is a far cry from equating the technobureaucracy, and more specifically its lower layer, with the working class. This result can only be arrived at through considerable theoretical machinations.

Another solution, similar to the incorporation of the lower and middle levels of the technobureaucracy into the working class, is to leave this question unresolved. This approach emphasizes the similarities of the two groups, emphasizing the need for and viability of their alliance. This concept is typified by the group linked to the French Communist Party who wrote *Le Capitalisme Monopoliste d'Etat* (Paul Boccard et al., 1971).

Instead of dividing society into three classes as a supposedly orthodox Marxist group would do (bourgeoisie, proletariat and petty bourgeoisie [vestiges of small mercantile production in the French social formation]), the CME group divides French society into the

four large ‘classes’ or ‘strata’ we see in Table 5. They are the working class, the intermediate wage-earning strata, the non-salaried middle strata, and leaders of capitalist enterprises and consultants to the bourgeoisie. One of the CME group's primary concerns is to show that the working class has grown not only in absolute terms but also in relative terms. This is evidently an unacceptable response to the theory widely spread on the increasingly middle-class nature of the working class as well as its relative decrease in size.

The political-theoretical question the CME group had to face when they looked at the question of class in technobureaucratic capitalism was that of the new middle strata, or according to their terminology, of the ‘intermediate wage-earning strata’. Its astonishing growth is illustrated in Table 5, where we see its relative participation in the work force move from 21% to 34.3% of the employed French population in the short space of fourteen years, from 1954 to 1968. In absolute terms, this period showed an increase from 4,400,000 middle-level wage earners to 6,375,000 in 1968.

Table 5: Social Structure of French Employed Population

	1954	1962	1968
Working Class	40.3	43.0	44.5
Intermediate Wage Earning Strata	20.4	25.6	30.5
Non-Salaried Middle Strata	34.3	26.9	21.0
Leaders of Capitalist Enterprises and Consultants to the Bourgeoisie	5.0	4.5	4.0
Total	100.0	100.0	100.0

Source: Paul Boccard et al. (1971: 253), based on data from the I.N.S.E.E.

In the first place this growth took place at the expense of the petty bourgeoisie, working in small-scale agricultural, commercial, and industrial units as well as independent professions. The concentration and centralization of capital liquidated many small-scale commercial and productive enterprises. Increased agricultural productivity prompted a rural exodus and a decrease of the peasant population in both relative and absolute terms. Lawyers and doctors who previously were independent professionals become salaried workers as capital became concentrated and also as certain new activities tied to the service sector submitted to the logic of capital and bureaucratic organization.

As a second correlated factor, there is the concentration of capital and the creation of large bureaucratic organizations that increasingly absorb a large part of the population into new professions. Engineers, technical experts, managers, consultants, and researchers enter the economy with the expectation of earning salaries.

Finally, as the CME group observes, the massive increase in wage workers, particularly service employees, is principally a consequence of the expansion of commercial and financial activities undertaken by capitalist business enterprises. The increase in these activities, in turn, is explained by the growing complexity of sales and distribution systems in advanced capitalist societies, as well as by the need for sophisticated commercial and communications services in order to avoid market crisis.

In light of this enormous growth of the middle strata, the members of the CME group saw themselves faced with a problem. Their desire was just to integrate it into the working class. And at certain points, this is almost what they did. In this way, the alliance they proposed between these strata and blue-collar workers would be automatically achieved, at least theoretically, since the working class and the middle strata would belong to the same class. However, this theoretical leap did not even have a minimum of support in class theory (a much larger theoretical leap would be necessary than that which included service workers among the working class). The group reconsidered and left the question unresolved. Instead of recognizing the existence of a new class - the technobureaucracy, or any other name they prefer - they chose to leave the theoretical question hanging, while at the same time, they continue to emphasize the proximity or affinity between the technobureaucracy (excluding the upper strata) and the working class. Thus, they insist on the viability of a political alliance between the two groups (Paul Boccara et al., 1971: 238-239).

Thus engineers, technical experts, middle managers, and office employees are excluded from the capitalist class's decision-making process in the CME group's view. But as their 'wages' (actually their salaries) are becoming closer and closer to those of production workers, they are as exploited as production workers are. Their place in the hierarchy diminishes with each passing day. Some might even be considered to be production workers in certain situations, such as some engineers and technical workers. But the majority of them are collectors of surplus value, which makes it impossible to include them among the working class:

Even if their activity is not directly productive, they are all waged workers, individually and collectively exploited... The conditions for a standing alliance (with workers), opening opportunities for common struggles for democracy and socialism, are now present. (Paul Boccara et al., 1971: 239).

Independent of the existence of political conditions for this alliance, it is obvious that the 'theoretical solution' of leaving the question of the middle strata open in regard to social class is of a Franciscan poverty.

COORDENATIVE AND OPERATIVE LABOR

Among Marxist social scientists, it was probably Nicos Poulantzas who came closest to a theoretical solution for the question of the middle class in technobureaucratic capitalism. Nevertheless, his attempt fell short of success. His concern with Marxist orthodoxy led him to a solution which looks to the past rather than analyzing the direction history has taken based on the development of the productive forces as well as the emergence of a new mode of production. Nonetheless, the strength of his theoretical work and his prestige has influenced an increasing number of neo-Marxists to accept the idea of a new emerging class.

Poulantzas was one of the most notable Marxist political scientists of his period. Possessing a remarkable capacity for abstract reasoning, he showed imagination, courage to

think freely, and scientific rigor in his contributions to the questions of class and the state. It was this scientific rigor which would not allow him to leave the question of the middle strata unresolved. He saw that their integration into either the bourgeoisie or the working class, as well as their designation as an 'intermediate wage-earning strata' or 'new middle class' was unsatisfactory from a Marxist point of view. On the other hand, Poulantzas clearly perceived that a new social class existed, and that it was formed of a multitude of bureaucrats or white-collar employees (technical experts, engineers, managers, salespeople, and office workers). Although other Marxists had acknowledged this fact prior to Poulantzas, starting with the first contributions of Bruno Rizzi (1939), they were referring to bureaucracies in countries that were already dominantly state-controlled. Poulantzas was in all probability the first Marxist of intellectual prestige to acknowledge the existence of the new class in capitalist countries and to examine it in adequate academic terms. Considering the numbers and social and political presence of the new bureaucrats, it would be useless to deny their class nature. Thus he decided, in *Classes in Contemporary Capitalism*, to acknowledge this fact, attributing this group the status of social class and calling it the 'new petty bourgeoisie' (1974: 195-347).

To call this new class the 'new petty bourgeoisie' may be proof of imaginative thinking, but it is an unacceptable solution. Certainly, there are other names besides technobureaucracy that are adequate for the new class appearing in the contemporary capitalism. Since it is a new phenomenon, we may call it whatever we wish. What is important, however, is to give it an adequate theoretical framework. Poulantzas was unable to do this with the term new petty bourgeoisie. He explained the new class in terms of the past, failing to see new relations of production relative to a new mode of production. Nor did he provide a coherent and integrated solution to explain Soviet-type social formations.

Poulantzas divides the petty bourgeoisie into two classes: traditional petty bourgeoisie and new petty bourgeoisie. However, the link he makes between the two classes is a negative one:

The traditional petty bourgeoisie (small-scale production and ownership) and the new petty bourgeoisie (non-productive wage earners) both have in common the fact that they neither belong to the bourgeoisie nor the working class. (1974: 206).

Yet manifesting his permanent tendency to favor political factors to the detriment of economic ones, Poulantzas states that this criterion 'only appears' to be negative. This is because, given the polarization between the bourgeoisie and the working class and the exclusion of the two petty bourgeoisies, 'it actually produces economic 'similarities' which have common political and ideological effects' (1974: 206). In this way, the basic concepts of historical materialism are inverted. The class conflict rather than the relations of production will determine the class structure of society. There is no doubt that economicism is an untenable position. It loses sight of the dialectical nature of the relations between the productive forces and relations of production, as well as of the relations of production with the ideological superstructure. Yet so is Poulantzas' 180-degree turn in the direction of politicism. In doing so he implicitly abandons the basic postulates of historical materialism and Marxist class theory.

Poulantzas never clarifies the economic similarities between crafts people, small-scale agricultural producers and those involved in small-scale commerce, who perform labor directly while at the same time own capital and employ labor – i.e., the petty bourgeoisie – and the technobureaucrats who work in large bureaucratic organizations. Actually they are so different in both economic and professional terms, and the relations of production involved are so dissimilar, that there is no way to find common economic ground between the two groups. Poulantzas soon forsakes the search for economic similarities, but insists on finding points in common on the political level. He states:

The latter (the traditional petty bourgeoisie) although it occupies in economic relations a place different from that of the new petty bourgeoisie, is nevertheless characterized at the ideological level by certain analogous features, though there are also still some differences. (1974: 294).

The ‘analogous features’ Poulantzas finds common to both classes are in fact rather obvious. They are the political attitudes typically expressed by the social strata located between the dominant and the dominated class, such as ‘fear of proletarianization’ or a critical attitude toward ‘large fortunes.’

It is possible to understand why a noted political scientist like Poulantzas would espouse such an odd thesis - that of bringing together the technobureaucracy, a new emerging class, with the petty bourgeoisie, and old class constantly threatened with extinction. He was clear about the existence of a new social class, and he needed to give it a name. ‘New petty bourgeoisie’ was convenient, since like the traditional petty bourgeoisie, the new class was a middle stratum. Secondly, it permitted him to subordinate class theory to the political factor, to class struggle, a dominant tendency in his thinking. It's strange to think that class struggle can determine class position, but that is what Poulantzas declares in this passage:

If the traditional and the new petty bourgeoisie can be considered as belonging to the same class, this is because social classes are only determined in the class struggle, and because these groupings are precisely both polarized in relation to the bourgeoisie and the proletariat. (1974: 294).

But Poulantzas had a third decisive reason for equating or bringing together what we call the technobureaucracy with the traditional petty bourgeoisie. He admitted that a new class existed, but did not want to admit the historical and ideological consequences of this fact. In this way he is led contradictorily to deny autonomous and long term ideological and political viewpoints to the new class. He states:

The petty bourgeoisie actually has, in long run, no autonomous class political position of its own. This simply means that, in a capitalist social formation, there is only the bourgeois way and the proletarian way (the socialist way): there is no such thing as the 'third way', which various theories of the 'middle class' insist on. The two basic classes are the bourgeoisie and the working class; there is no such thing as a 'petty bourgeois mode of production. (1974: 297)

In fact, it is impossible to speak of a petty bourgeois mode of production. It did not exist in the past, as the petty bourgeoisie never became the dominant class, not even a fundamental class in a given social formation. It could not exist today. The petty bourgeoisie

and its respective relations of production have always existed secondarily in capitalist formations. But while the petty bourgeois mode of production has never occurred in history in a dominant way, and the petty bourgeoisie has never been the dominant class, we cannot say the same of the technobureaucracy. It has attained the dominant position in all the 'communist' or state-controlled countries and is present - although in a subordinate and very contradictory way - in capitalist countries. Unlike the petty bourgeoisie, the technobureaucracy is a class with a clearly defined vocation for power. This vocation is expressed through attempts to administer the entire social production in rational terms. Poulantzas came close to this fact with his concept of the new petty bourgeoisie, recognizing the class nature of this new group. But he was unable to take the theoretical step necessary to reach a more general and effectively historical vision of this class in contemporary society.

The Acknowledgement of the New Class

Nevertheless, Poulantzas' analysis represents a significant advance in the study of the new class – an analysis that began with Rizzi (1939), Burnham (1941), Castoriadis (1949) and Wright Mills (1951). Another contribution came from Paul Sweezy. He was one of the first to denounce 'the illusion of the managerial revolution' (1942), but in *The Post-Revolutionary Society* he adopted a more realistic position. In this book, where he acknowledges the existence of a new dominant class in the Soviet Union, based on control of the state organization (1980: 147), Sweezy does not make the theoretical link to a corresponding new technobureaucratic middle class in the capitalist countries. Yet it is obvious that once the emergence of a new class is recognized in keeping with its control of public organization in state societies, there is no reason to deny the existence of a new technobureaucratic middle class in capitalist societies, partially controlling public and private bureaucratic organizations.

In reality, the standard Marxist position which ignores indications of the emergence of the technobureaucratic class seems to be nearing its end. The weight of the evidence finally seems to be prevailing over the orthodox belief that the alternative to the bourgeoisie is the proletariat. An expression of this fact is Val Burris' article 'Capital Accumulation and the Rise of the New Middle Class' (1980). He begins his analysis with an implicit critique of Poulantzas, stating that:

Unlike intermediate groups, such as the petty bourgeoisie, this new middle class does not exist as the receding periphery of capitalist production, but emerges within the very center of capitalist economic relations (1980: 18).

Given that Val Burris recognizes the existence of a new middle class, to be consistent he should also admit the emergence of new relations of production and consequently a new mode of production. He does observe that the relations of production are different. Taking the same direction indicated by Poulantzas (1974) and Erick Olin Wright (1978), he affirms that the new middle class does not have economically ownership but rather possesses the means of production, thus occupying a 'contradictory location within class relations' (Burris, 1980: 19).

Productive and Unproductive Labor

The distinction between productive and unproductive labor was not developed by Adam Smith and Marx to define the class system. Rather, it was used to describe the rise of capitalism in England. Poulantzas, however, sought to utilize these two concepts in order to define a new class: the new petty bourgeoisie. Capitalists would be the owners of the means of production; the working class, blue-collar employees, the productive workers; and the new class, the new petty bourgeoisie, the unproductive workers. In this chapter I will discuss this attempt, showing that the categories of productive and unproductive labor, not only do not help in the characterization of social classes, but have also lost their usefulness for helping to understand contemporary capitalism. They were important for the analysis of the rise of capitalism, but today, as practically all labor is subjected to capital and produces surplus value, the distinction has lost its historical relevance.

Poulantzas used the categories of productive and unproductive labor to distinguish the new class from the working class and the bourgeoisie. Its differentiation from the capitalist class is obvious. The new class does not form part of the bourgeoisie because it does not own the means of production. Differentiating it from the working class is more difficult, particularly if one does not make a distinction between wages and salaries. Poulantzas observes that the members of the working class and the new class are wages-earners, but, based on Marx, he adds:

... if every agent belonging to the working class is a wage earner, this does not necessarily mean that every wage-earner belongs to the working class. The working class is not defined by a simple and intrinsic negative criterion, its exclusion from the relations of ownership, but by productive labor (1974: 210).

In this way, the new petty bourgeoisie would be made up of wage-earning unproductive workers. Then Poulantzas goes on to make an extensive revision of Marx's concepts concerning productive labor. The objective is to give a theoretical ground to the new class. He obviously encounters enormous difficulties. The most serious problem is that engineers and technical experts perform productive labor, according to Marx. If we follow the general principle that all productive workers are blue-collar workers, then those engineers and technical experts should form part of the working class. On the other hand, a garbage collector, performing non-productive labor, would not be a member of the working class.

Poulantzas tries to solve the first problem by stating that engineers and technical experts do not belong to the working class since they perform intellectual labor, subordinating workers to capital:

If they do not as a group belong to the working class, this is because in their place within the social division of labor, they maintain political and ideological relations of subordination of the working class to capital (the division of mental and manual labor), and because this aspect of their class determination is the dominant one (1974: 242).

The problem is solved indirectly for Poulantzas, as for Marxists in general, by amplifying the concept of productive labor so that it will include practically all of manual workers.

On the other hand, Poulantzas reexamines the distinction between manual and intellectual labor. After looking at the difficulties inherent to the concept, he comes to a conclusion that deprives the distinction between the two types of labor of all meaning in determining class position. Quoting Gramsci, according to whom, 'the worker or the proletarian, for example, is not specifically characterized by his manual or instrumental work, by performing this work in specific conditions and in specific social relations' (Gramsci, 1934: 8), Poulantzas concludes that the distinction between these two types of workers is useless in defining the working class, since there are manual workers who do not or would not belong to the working class (1974: 254).

This is not the place to review the extensive discussion concerning productive and unproductive labor.²¹ This of all meaning was a fundamental concept in economic theory from the physiocrats up until Marx. It was later abandoned by the neoclassical economists who did not consider it to be a useful concept since they viewed all labor which has a positive marginal output and receives corresponding remuneration to be productive. Actually, the concept of productive labor is only meaningful to those economists who seek to place economics (or political economy) within a historical context. This concept is becoming less relevant in contemporary capitalism, where all labor, including services, is subordinated to capital, but it continues to be essential in historically distinguishing pre-capitalism and mercantile capitalism from industrial capitalism. It is very helpful in defining the conditions in which the specifically capitalist mode of production arises.

The distinction between productive and unproductive labor has never been clear since this concept contains elements that assign both value and particular characteristics to relations of production. It is true that Marx states that productive labor is not labor which is useful but rather labor which produces surplus value, emphasizing the relations of production aspect. Yet it is certain that Marx as well as the physiocrats and Adam Smith understood productive labor in a general sense as that which produces wealth, and it is difficult to escape a value biased concept of wealth. Thus, once one understands what wealth is, the concept of productive labor will be defined. The concept of wealth however, is as difficult as that of productive labor.

For the physiocrats, as expressed by Quesnay:

The productive class is the one that cultivating the land cause the rebirth of the annual wealth of the nations (1766: 45-46).

²¹ This question, that had been almost forgotten by Marxist economists, was retrieved by Paul Baran (1957), Joseph Gillman (1957), E. Altvater and Freerkhuisen (1970), Pierre Salama (1978), E.K. Hunt (1979), Paul Singer (1981). Hunt's paper includes an extensive bibliography.

In an agricultural country such as France in the middle of the eighteenth century, only agriculture produced wealth. Smith amplified this concept decisively, not only because he included industrial production within productive labor, but also because he perceived that productive labor is that which produces surplus, that which adds value to the goods produced:

There is a type of labor which adds value to the object upon which it is applied; there is another which does not have that effect. The first, since it produces value can be called productive; the second, unproductive labor (1776: vol.1, p.294).

Smith was already clear then that productive labor was not the same as useful labor. In referring to the labor of a sovereign and his civil and military personnel, he states:

His service, however honorable, useful or necessary, produces nothing which can later be exchanged for an equal quantity of service (1776: 295).

Thus, productive labor is that which produces exchange value. It is that work that produces wealth with which the capitalist pays wages and accumulates capital. Productive laborers are, therefore, maintained by their own labor, whereas 'unproductive laborers, as well as those who do not work are maintained by revenues' (1776: 297), that is, by rents and profits received by landowners and capitalists.

So it was reasonably clear to Smith that the concept of productive labor was fundamentally related to the advance of capitalism, with the generalization of labor which produces exchange value. Smith considered wealth to be the production of exchange value within the framework of the capitalist system. The wealth of nations would depend on the proportion of productive workers (that is, those submitted to capital) in a society. Malthus, as Marx underlines (1864: 240), is more direct. He simply states that the productive worker is the person who, in addition to producing his own wages, also produces profit for the capitalist. In his words:

The productive laborers at the same time that they obtain wealth, and the means of accumulation for themselves, furnish a large surplus to that other most important class of society which lives upon the profits of capital. (1836: 41).

Marx continues with and deepens this line of reasoning. Rather than debating the issue of productive labor in abstract or philosophical terms, Marx is consistent with his historical method, defining wealth within the framework of the capitalist system. Wealth, therefore, is the production of commodities with exchange value, or more specifically, it is the surplus value realized by the capitalist; labor surplus value is the increase of the capitalist's wealth; it is the basis for the accumulation of capital. Thus, productive labor is simply that which produces surplus value. Marx is quite clear on this point:

Productive labor, in terms of capitalist production, is that wage labor which, exchanged against the variable portion of capital, reproduces not only this portion of capital (or the value of its own labor power) but which, in addition, produces surplus value for the capitalist. Only that wage labor which produces capital is productive (1862: 152).

Unproductive labor, on the other hand, would be that which is exchanged against revenue, rather than variable capital. Marx is also very clear on this point. The most typical type of unproductive labor would be that performed by domestic servants. While of use to the master, it does not produce surplus value; it is outside the sphere of capitalist relations. It is not exchanged for capital, but rather for revenue produced by capital, and even for wages. In Marx's words:

This also establishes in absolute terms what unproductive labor is. It is labor which is not exchanged against capital, but directly for revenue, that is, wages or profits (which naturally includes the various categories of those who participate as partners in capitalist profit, in terms of interest rent (1862: 157).

In conceptualizing productive and unproductive labor, drawing upon the classical economists, Marx had one fundamental objective: to analyze the development of capital and the increasing domain of the capitalist mode of production. The advance of productive labor was the actual advance of capitalist relations of production. Thus, he states, again in *Theories of Surplus Value*, that:

These definitions are not derived from the material characteristics of labor (nor in the nature of its output nor the specific nature of labor as concrete labor), but rather in a defined social form, the social relations of production within which labor is realized (1862: 157).

Also in *The Sixth Unpublished Chapter of Capital*, Marx emphasizes the transition from the formal subsumption of labor to capital to the real subsumption of labor to capital, the change from speculative, mercantile capitalism to productive, industrial capitalism. He develops the concepts of productive and unproductive labor to study this transition. It is not a coincidence that on the three occasions in which Marx looks at this question, his fundamental concern is to distinguish industrial capital from mercantile capital, production from circulation.²²

Nevertheless, Marx had another objective in utilizing the concepts of productive and unproductive labor, aside from describing the advance of industrial over mercantile capitalism and the expansion of the production of surplus value. He also wanted to use these categories to distinguish the realm of production from that of circulation. Though fundamental to Marxist thought, much confusion surrounds this distinction. There is no question that the root of the matter is that surplus value is created within the realm of production, not of circulation. Yet what is the realm of production?

It is reasonable to say that the mere exchange of commodities does not produce surplus. Yet when a merchant, employing wage workers adds use value and exchange value to a commodity, storing it, transporting it and making it available to consumers, why do we not consider this labor to be producing surplus value and consequently to be productive labor? In

²² Marx studies this question in: Item 6 in *The Sixth Unpublished Chapter of Capital*, "The Two Historical Phases of the Development of Capitalist Production"; Chapter VI in Volume II of *Capital*, "The Costs of Circulation"; and Chapter IV of *Theories of Surplus Value*, where Marx contrasts his theory with that of Adam Smith and the mercantilists.

another light, all services, which help to produce material goods, are commodities like any other. Yet there are passages in Marx in which sales and service in general are considered to be unproductive.²³ These inconsistencies are most likely explained by the fact that at the time Marx was writing, the service sector had little economic significance and was largely outside the realm of capitalism. Commerce, on the other hand, was closely tied to speculative, mercantile capital. The key historical question for Marx was to distinguish industrial capital, which is productive and creates surplus value, from speculative, mercantile capital in which profit originates from selling merchandise for a price that is different from its value. The concepts of productive and unproductive labor are useful in making this distinction.

Marx had a third objective which only appears in certain passages, yet is undeniable. He uses these categories to suggest the superiority of socialism, where there would be no unproductive labor, over capitalism. In this perspective, he abandons the use of the two concepts in order to analyze the emergence of industrial capitalism and seeks to apply them to all modes of production. The implication is that, as humanity moves to more advanced modes of production, the proportion of labor which is unproductive, which does not produce wealth, diminishes. Paul Baran (1957, Chapter II) especially emphasizes this aspects of Marx's theory. It is clearly a subsidiary aspect of the question, concerned with ideology.

Lost Meaning

The concepts of productive and unproductive labor were useful for Marx's analysis of the emergence of capitalism. But from the perspective of contemporary capitalism, where capital has penetrated practically all areas of society, this distinction has lost most of its meaning. In the days of the physiocrats, of Smith and even of Marx, the advance of capitalism was the decisive historical event, eliminating the vestiges of feudal and peasant formations as well as mercantile capitalism. As such, it was important to define productive labor as that which produced surplus value, distinguishing it from mercantile capital. The latter appropriates surplus through processes of primitive accumulation. Speculative mercantile profit is achieved through the merchant's monopolistic power. It is this power, traditionally tied to long-distance trade, that makes him able to sell his goods for prices which are higher than their respective values. In the case of industrial capital, the process by which surplus is appropriated is entirely different. Surplus value is the result of an exchange of equivalent values, in which capitalists exchange their commodities for labor power sold 'freely' as a commodity by the workers, in accordance with their respective values. Once the capitalist has exhausted absolute surplus value as a resource, that is, the lengthening of the workday and the acceleration of the pace of labor, he has no other alternative but to try to realize relative surplus value, increasing labor productivity by accumulating capital and incorporating technical progress.

²³ See Paul Singer (1981) and Hunt (1979) on this question. Though a Marxist, the latter points out the inconsistencies in Marx's discussion of this issue.

Thus it was necessary to distinguish not only pre-capitalist but also mercantile forms of organization of production from the specifically capitalist mode of production. The notions of productive and unproductive labor helped in this job. Today, however, when almost all labor produces surplus value, this distinction is no longer so decisive. Services (which correspond to about 60% of the national product in developed countries) also produce surplus value. This is not only because wage workers are employed and because the capitalist who employs them realizes a profit, but also because, in fact, these workers are adding value to commodities through the utilization of sophisticated techniques and equipment, because productivity is a central concern. The capitalist in modern services is not realizing old mercantile profit, but rather surplus value.

In Volume II of *The Capital*, where Marx differentiates between production and circulation, he states that the merchant

...performs a necessary function because the reproduction process itself includes unproductive functions. He works as well as the next man, but the content of his labor creates neither value nor products. He is himself part of the faux frais of production. (1885: 209)

This position was already difficult to accept in Marx's time. It has become clearly unacceptable in contemporary capitalism where services have not only taken on an extraordinary importance, but have also been absorbed by productive capital, in that their concern is to extract relative surplus value from their workers through the incorporation of technical progress.

In fact, to insist on the importance of the question of productive versus unproductive labor and to tie unproductive labor to the service industry is to ignore the most distinctive characteristic of service industry in technobureaucratic capitalism: the generalization of large-scale capital in the service industry, using highly sophisticated technology. This phenomenon may be observed in department stores, supermarkets, shopping centers, restaurants, fast food and institutional food facilities, entertainment businesses, hospital and health care, insurance, and education. Large-scale capital has decisively penetrated these areas, either serving the public directly or through contracts with the state. They employ thousands and thousands of workers. In the United States, for example, not only has the service industry increased at a much higher rate, but it has also increased in absolute volume as compared to the industrial sector. As a result, it no longer makes sense to consider these workers unproductive or to consider their respective capitalists merely as beneficiaries of the circulation of surplus value realized in the production of material goods.

When Adam Smith developed the concept of productive labor, he was concerned with the causes of the wealth of nations. The proportion of productive workers existing in a given society was one of these causes. However, if today we insist on limiting the concept of productive labor to that which produces material goods, we will have to invert the original proposition, affirming that the greater the proportion of productive workers, the less developed the productive forces.

Yet even in terms of the concept of productive labor proposed by Marx, this distinction is not useful in differentiating social classes, and even less so in differentiating

between the working class and the new petty bourgeoisie, that is, the technobureaucracy, as Poulantzas tries to do. It is debatable that Marx sought to define the working class through the use of this concept. In The Sixth Unpublished Chapter of Capital, Marx expressly includes directors, engineers, technical experts, and supervisors as productive workers. They are considered part of collective labor to the extent that in the specifically capitalist mode of production, the real lever in the labor process is increasingly not the individual worker, but the collective worker. It is the collective worker that is responsible for producing commodities. Some work better with their hands, others with their heads, one as a manager, engineer, technician, the other as overseer, the third as manual laborer or even drudge. An ever-increasing number of types of labor are included in the concept of collective labor, and those who perform it are classified as productive workers, workers directly exploited by capital and subordinated to its process of production and expansion.

Poulantzas's solution to this problem is to state that even though they are productive workers, technical experts cannot be considered members of the working class because capital subordinates workers. This is really no solution at all. If technobureaucrats as a whole, or at least some of them, are productive workers, it is clear that this concept cannot be used to differentiate the new petty bourgeoisie from the working class.

On the other hand, if we broaden the concept of productive work to include sales and services in general within a capitalist framework, it is apparent that the categories of productive and unproductive are useless in defining social class, despite Poulantzas' efforts. Yet if Marx considers that '... the capitalist performs a productive function. It consists in the direction and exploitation of productive labor' (1864: 1048), it becomes obvious that it is not with these categories (which he developed especially to demonstrate the move from mercantile, speculative capital to industrial capital), that we can distinguish workers from technobureaucrats or define the working class in contemporary capitalism.

Manual and Intellectual Work

In the last section, we saw that productive and unproductive labor are not useful as categories to distinguish between the working class and the technobureaucracy, since in technobureaucratic capitalism practically all workers, including technobureaucrats, have become 'productive', i.e., are subject to the logic of capital and produce surplus value. However, the same cannot be said for the categories manual labor and intellectual labor. In the conventional Marxist tradition, only productive manual workers belong to the working class in the strict sense. Thus, we could conclude that productive manual workers make up the working class, whereas those productive (and also unproductive workers) performing intellectual labor would be technobureaucrats. But this apparently obvious solution is also unsatisfactory because it is not grounded in history. Manual and intellectual labor are not historical categories but are just descriptive categories. Rather than contrasting intellectual versus manual labor or productive versus unproductive labor, I propose that we look at the distinction between 'coordinative' labor, performed by technobureaucrats, and 'operative' labor, performed by workers.

The distinction between manual and intellectual labor has been fundamental since the beginning of history. It cuts across the whole history of mankind. Exactly for that reason, it is not a historical category that helps to understand historical change. Long before capitalism, this dichotomy was a basic one in differentiating the dominant from the dominated class in each mode of production. While it is difficult to say that the dominant class always exercised strictly intellectual functions, it is clear that the political, religious, administrative and military activities carried out by the dominant class were of a more intellectual than manual nature. Classes were defined by their participation in the relations of production, yet this implies that manual labor will be reserved for the dominated class, intellectual labor for the dominant class.

Rather than say that intellectuals are members of the dominant class, it is more precise to say that they are assistants or consultant to the dominant class. Gramsci's theory of the organic intellectual shows the clearest understanding of this point. He considered intellectuals to be 'commissioners' of the dominant group which carry out functions of social hegemony and political governance (1934: 12). Intellectuals are part of civil society, directly responsible for articulating ideological hegemony. The legal and police systems also fall in his traditional realm. They have an increasing role in organizing production, as technobureaucrats. In statism, they directly assume responsibility for domination. Intellectuals include mainly philosophers, scientists, clergy, and educators, as well as public officers, judges, managers, and technical experts. Businessmen, entrepreneurs, and independent professionals should also be considered as performing intellectual labor.

This large spectrum indicates the fundamental limitation of the categories of manual and intellectual labor. Employing this term in the broad sense, intellectuals exist in all modes of production. In addition, within each mode of production, we see intellectuals belonging to various classes. The entrepreneur is bourgeois; the independent professional, petty bourgeois; the bureaucrat, a technobureaucrat. There is no reason not to consider certain highly skilled workers or those with strong political consciousness to be intellectuals.

These facts limit decisively the utility of the concept under consideration. Although we know that socialism will be attained only when the distinction between manual and intellectual labor fades out, and that the gap between the two types of labor ceases to be fundamental in any society, we must admit that this concept only has a limited role to play in understanding history to the extent that it goes beyond the relations of production.

On the other hand, this distinction is quite relative, allowing for a considerable grey area between the two categories. We could say that intellectual labor implies greater mental exertion, whereas manual labor implies greater physical exertion. Yet there is no labor which does not involve some degree of mental activity, and, on the other hand, that some operative workers merely push buttons or turn levers, exerting less physical force and perhaps less mental effort than office clerks do with pens, typewriters and calculators.

Gramsci understood this when he warned against the error of looking for certain qualities intrinsic to intellectuals rather than looking at their participation in the relations of production:

The most widespread error of method seems to be that of having looked for this criterion of distinction in the intrinsic nature of intellectual activities, rather than the ensemble of the system of relations in which these activities (and therefore the intellectual groups who personify them) have their place within the general complex of social relations. (1934: 8)

Coordinative and Operative Labor

Thus, what is essential in defining a class is its participation in the relations of production. Carrying out intellectual activity does not identify one's class position, though it may give some indication. This is not only true because it is difficult to distinguish between manual and intellectual labor, but also, and more importantly, because intellectual labor may be carried out by and for different dominant classes.

I propose to use the categories of coordinative/operative labor as an alternative to those of productive/unproductive labor. These categories are specific to the technobureaucratic mode of production. They make it possible to make a clear distinction between the working and the technobureaucratic class not only in statism but also in technobureaucratic capitalism. The advance of technobureaucratic relations of production in contemporary capitalism may be better understood using these categories.

A basic assumption behind this argument is that organic intellectuals, as defined by Gramsci, have increased so much both in number and power as bureaucratic organizations have multiplied and become the basic structure of production, that they have become a class in themselves. Gramsci observed that 'in the modern world the category of intellectuals, understood in this sense, has undergone an unprecedented expansion' (1934: 13). However, he considered them to be the organic intellectuals of the bourgeoisie. Gramsci gave considerable importance to intellectuals and was, in fact, the first great Marxist to do so. Though he never stated this, perhaps he realized that intellectuals were gaining critical mass, conscious of their own interests and taking on the status of a class within a new emerging mode of production. As long as the bourgeoisie continued to be the dominant class, intellectuals could continue to be an organic part of the bourgeoisie. Yet this organic quality is one of degree.²⁴ For many technobureaucrats, who are the particular sort of intellectuals of interest here, this organic nature is total, while for others it is dubious. The allegiance of bureaucrats to the capitalist class is a decreasing function of their emergence as an autonomous class. We are witnessing the appearance of an increasing number of intellectuals, who are decidedly hostile to the bourgeoisie, even though they have no other alternative but to serve this class in varying degrees, working as technobureaucrats for the state and for private business enterprises.

²⁴ According to Gramsci, "it should be possible to measure the 'organic' quality (organicity) of the various intellectual strata and their degree of connection with a fundamental social group..." (1934: 12)

In order to establish a clear distinction between technobureaucrats and workers, the concepts of coordinative and operative work are fundamental. The technobureaucrat performs coordinative labor, the worker operative labor. Coordinative labor is that which creates, manages, or helps to manage the organization; operative labor is that which makes the organization function on the level of mechanical or manual activities in agriculture, industry, and services. As with capitalism, in which productive labor creates surplus value under the capitalist's direction, with statism, both coordinative and operative labor create and expand the organization as well as assure the production of a surplus. One cannot point to operative or coordinative alone as that which creates the organization, since both are intrinsically bound together. Together they produce the bureaucratic organization, and together they collaborate to produce surplus.

Marx was aware of this kind of interaction when he talked about the collective worker, including managers, engineers, and technical experts in this category. He was still thinking in terms of the capitalist system, yet it is clear that a new mode of production originates through this process. Marx recognized this fact when he talked about the joint-stock companies, an advanced form of capitalism and a prime example of how the collective worker functions. In describing these companies, he states that though they 'still remain trapped within the capitalist barriers' they are

...the abolition of the capitalist mode of production within the capitalist mode of production itself, and hence a self-abolishing contradiction, which presents itself prima facie as a mere point of transition to a new form of production (1894: 571 and 569).

Coordinative labor ranges from the executive manager of the bureaucratic organization to the office clerks. Managers, engineers, technical experts, consultants, supervisors, accountants and functionaries on all levels share the work of coordination. They are high, middle and low level technobureaucrats. On the other hand, those workers whose labor only deals with production tasks for goods or services are operative workers. They do not coordinate; they operate. They could be defined in terms of the positive aspect of directly realizing the operations essential to production, or negatively by the absence of coordination tasks. Perhaps this negative criterion is the fundamental one, since coordinative workers collaborate in production, although indirectly, whereas operative workers do not collaborate, even indirectly, in the coordination of production.

The concept of operative labor is a broad one. It includes traditional production workers, as well as a variety of activities not precisely characterized in terms of production, such as cleaners or trash collectors. Operative workers are also those who work in mass transit, water companies, sewer maintenance, those who perform manual labor in health care and entertainment or who stock shelves and bone meat in the supermarket.

Naturally there are still gray areas. Teachers perform certain coordinative tasks, yet are still workers. Salesmen could be considered technobureaucrats because they carry out coordinative activity between the supplier and the buyer, yet at the same time, especially in commercial retail operations, they are the ones who carry out the suppliers' operations par excellence.

These large gray areas concerning the work of the low-level technobureaucracy and the working class exist by virtue of the very nature of the technobureaucratic relation of production. The technobureaucrat is a coordinative worker who has a theoretical share of ownership of the bureaucratic organization. His coordinative labor is precisely the exercise of this ownership, expressed directly in terms of power within the bureaucratic organization and indirectly in terms of control over the means of production held by a given bureaucratic organization. However, a low level technobureaucrat has only very limited power and as such, his coordinative labor is difficult to distinguish from his operative labor.

These concepts are useful in helping to define the new middle class in capitalist societies, the ruling class in statist social formations, and, also, in making us understand when socialism will become viable. In concluding this essay, this is not the moment for a full discussion of the issue. Yet, using the concepts of coordinative and operative work, I want just to say that socialism, a society where justice prevails, will not be achieved through revolution, or through technobureaucratic rule disguised under the name of 'dictatorship of the proletariat'. Socialism will only exist when the difference between coordinative and operative labor disappears, or, at least, when it loses relative importance: when the ones that rule or perform coordinative labor today may be the same that perform operative functions tomorrow, since the differences in education and individual capabilities are substantially reduced.

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