

**THE EMERGENCE AND FUNCTIONS
OF MANAGERIAL AND CLERICAL PERSONNEL
IN MARX'S CAPITAL**

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RÉSUMÉ

L'ÉMERGENCE ET LES FONCTIONS DES CADRES ET EMPLOYÉS DANS *LE CAPITAL* DE MARX

Cette étude suit, pas à pas, l'analyse que Marx donna de la nature des cadres et employés d'entreprise. En considérant le groupe globalement, il apparaît que ces cadres et employés assurent les fonctions du capitaliste actif vis-à-vis des procès de valorisation et de circulation, c'est-à-dire "gère" la firme, au sens large du terme gestion. Ce sont des travailleurs utiles, mais souvent "improductifs"; leur fonction est de maximiser le taux de profit. Cependant, ces constatations ne résolvent pas la question de leur position de classe. L'analyse de Marx souligne l'ambiguïté de cette position en tant que "substitués" et "serviteurs" du capitaliste, mais son analyse reste incomplète. On soutient que la division antagonique du travail au sein des cadres et employés, comme suggéré par l'expression elle-même, réfute toute analyse qui préserve l'unité du groupe. Cette division doit être reconnue comme une contradiction de classe distincte et autonome au sein de la gestion, qui ne correspond pas aux concepts fondamentaux du *Capital*, et à la contradiction *Bourgeoisie / Proletariat*. La structure complexe des relations de classe dans le capitalisme résulte de la combinaison de ces deux contradictions.

ABSTRACT

THE EMERGENCE AND FUNCTIONS OF MANAGERIAL AND CLERICAL PERSONNEL IN MARX'S *CAPITAL*

This study follows Marx's steps in the investigation of the nature of managerial and clerical personnel ("the business staff"). Considering the group as a whole, it appears that the business staff handles the functions of the active capitalist *vis-à-vis* the valorization and circulation processes, i.e., it "manages" the firm, in the broad sense of the term management. Its members are useful, though often unproductive, workers; and their function is to maximize the profit rate. However, these statements do not resolve the issue of the identity of the class position of the business staff. Marx's analysis stresses the ambiguous character of this position, as *substitute for*, and *servant to* the capitalist. But his analysis remains incomplete. We suggest that the antagonistic division of labor within the business staff, as manifested in the expression "clerical and managerial personnel", dismisses any analysis that preserves the unity of the group. This division must be acknowledged as a distinct and autonomous class contradiction within the management labor, which does not correspond to the basic concepts in *Capital*, and the contradiction *Bourgeoisie / Proletariat*. The complex pattern of class relations within capitalism results from the combination of these two contradictions.

MOTS CLEFS : Classe, Cadre, Employé, Marx.

KEYWORDS : Class, Manager, Clerk, Marx.

J.E.L. Nomenclature: 010.

Introduction

The statement in the *Communist Manifesto* concerning the “simplifying” pattern of class relations within capitalism is well-known, and seems to settle definitively the issue:

Our epoch, the epoch of the bourgeoisie, possesses, however, this distinctive feature: it has simplified the class antagonisms. Society as a whole is splitting up more and more into two great hostile camps, into two great classes directly facing each other: Bourgeoisie and Proletariat.¹

Indeed, this statement is prophetic in that it points to the sweeping development of capitalist relations of production, which progressively penetrated all aspects of economic life — and society in general (State, ideology, etc.). However, it is also somewhat misleading, since it appears to ignore the rise of “middle classes” in modern capitalism — in particular, that of *managerial and clerical personnel*.² It is also questionable from a purely historical point of view, since the rise in number and importance of these personnel was simultaneous with this generalization of capitalist relations of production, from its early stages.

Fortunately, Marx’s later work and, in particular, *Capital*, considers this evolution and provides key elements for its analysis: Managerial and clerical personnel assume the functions of the active capitalist concerning the valorization and circulation of capital, i.e., they “manage” the firm, in the broad sense of the term management. This is possible because these functions have been separated from the ownership of capital. This analysis provides a basis for the understanding of the ambiguous class positions of these groups with respect to the fundamental class contradiction *Bourgeoisie / Proletariat*, as substitutes for, and servants to the capitalist.

In spite of his astute perception of the evolution of the system, Marx’s analysis remains incomplete, and the question of the class position of managerial and clerical personnel is still unresolved. In this paper, we will contend that:

1. It is important to recognize the existence of a bi-polarization within these groups that defines a new social antagonism, as clearly set out in the expression *managerial and clerical personnel*. This new contradiction is not the mere image within the new group of the contradiction *Bourgeoisie / Proletariat*, and is not based on the distinction between *productive* and *unproductive* labor. Innovative analysis is therefore required.
2. The complex pattern of class relations within capitalism results from the combination of these two class contradictions.

Not surprisingly, the difficulties in locating these new groups within the pattern of class relations are reflected in current terminology. Above, we used the expression “managerial and clerical personnel” to refer to what can, more concisely, be called *the business staff*, and is, sometimes, also denoted as *private bureaucracy* (see for example, N. Garston, *The Bureaucratic Class and Worldwide Accumulation*, Department of Economics and Statistics,

1. K. Marx, F. Engels, *Manifesto of the Communist Party*, Progress Publisher: Selected Works of Marx and Engels (1848), p. 100.

2. Other components of middle classes, such as the traditional petty bourgeoisie, will not be considered in this study. The fact that this group survives in modern capitalism demonstrates that the simplification of class antagonisms to which Marx refers is still incomplete.

California State University, Los Angeles (1988) or *World Trends in the Bureaucratic Class*, Department of Economics and Statistics, California State University, Los Angeles (1989)).

The study divides into five sections. The four first sections follow Marx's line of argument rather closely. Section 1 introduces the distinction between *ownership and management*. We show that Marx clearly outlined the existence of *capitalist functions*, as distinct from the mere property of capital. Section 2 makes explicit the nature of these capitalist functions, in relation to the analysis of the valorization and circulation of capital, and technological change. Section 3 is devoted to the *transfer of capitalist functions to the business staff*. Section 4 discusses capitalist functions in relation to the distinction between *productive and unproductive labor*. Section 5 introduces our own understanding of the class position of these new groups.³

1 - Ownership and management

Independent of the existence of the business staff, it is initially difficult to accurately define the *capitalist* himself or herself. There is a double dimension that must be considered. A first determination is that the capitalist *advances* capital and, for this reason, is the owner of the firm. A second dimension is that the capitalist must direct the activity of his firm, and to this end, exercises a number of tasks which correspond to what is currently denoted as *management*. Thus, the capitalist is both the owner and the manager or director.

This distinction between ownership and management functions is so powerful that it may lead to the actual division between two distinct categories of persons, the "owner" or "lender"⁴, on the one hand, and the "active capitalist", on the other hand. Correspondingly, when this distinction is acknowledged as such institutionally, surplus-value is divided into two different types of incomes, *interest* which goes to the lender, and the *profit of enterprise* which goes to the active capitalist:

Profit of enterprise arises from the function of capital in the reproduction process, i.e. as a result of the operations and activity by which the functioning capitalist mediates these functions of industrial and commercial capital. But it is no sinecure to be a representative of functioning capital, unlike the case with interest-bearing capital. On the basis of capitalist production, the capitalist directs both the production process and the circulation process. The exploitation of productive labor takes effort [...].⁵

Beyond the distinction between the lender and his/her interest, and the active capitalist and his/her profit of enterprise, the above quotation clearly sets out the notion of *capitalist functions*, and this is the element in the analysis that requires emphasis. Managing the

3. The demonstration in this study borrows from G. Duménil, *La position de classe des cadres et employés. La fonction capitaliste parcellaire*, Grenoble: Presses Universitaires de Grenoble (1975).

4. Note that Marx tends to classify within the same category: (1) The partner which does not participate actively in the control of the firm, (2) The shareholder, and (3) The lender in the strict sense.

5. K. Marx, *Capital, Volume III*, New York: First Vintage Book Edition (1894), Vol. III, ch. 23, p. 503.

firm is “no sinecure”, it “takes effort”. Marx contrasts these functions with the passive role of the lender, sometimes suggestively referred to as the “sleeping” partner.

The separation between the two types of capitalists and their corresponding income categories is quite straightforward when it refers to different individuals. However, the distinction pervades the entire system even more radically, and may be imposed on any capital independently of persons and roles:

And this mutual ossification and autonomization of the two parts of the gross profits, as if they derived from two essentially separate sources, must now be fixed for the entire capitalist class and the total capital. [...] The capitalist who works with his own capital, as well as the one working with borrowed capital, divides its gross profit into interest that accrues to him as owner, as lender of his own capital to himself, and profit of enterprise, which accrues to him as an active, functioning capitalist.⁶

Thus, beginning with a strict correspondence between the notions of capital and capitalist, we had to confront the distinction between a lender and an active capitalist and, finally, were left with a thorough separation between *ownership and management*, reflected in distinct income categories.

It is important to clearly outline the implications of this analysis that are most relevant to our investigation:

1. According to Marx, there are capitalist functions — *i.e.*, management — which require the actual efforts of the capitalist.
2. Management is separated from ownership to different degrees, and can even be totally separated.
3. The two aspects, ownership and management, both entitle access to different divisions of surplus-value.

2 - Capitalist functions: Management in Marx's words

Before the business staff enters the stage, it is useful to investigate in further detail the exact nature of the capitalist functions introduced in the previous section. Marx's presentation of these functions hinges on his distinction between the processes of *valorization* and *circulation* of capital, that are both directed by the capitalist. Valorization refers to the appropriation of surplus-value, which occurs within the production process. For this reason, Marx often contrasts production, instead of valorization, with circulation. Circulation refers to the metamorphoses of capital advanced, into the forms of money, commodity, and productive capital. Note that the notion of circulation implied here is that of the overall circuit of capital — often denoted by Marx as the reproduction process — including the transition of capital within the production process, and not exclusively circulation in

6. K. Marx, *ibid.*, Vol. III, ch. 23, p. 498.

the strict sense, *i.e.*, the metamorphoses of value on the market. The capitalist must direct each of these elementary operations.⁷

The two sections below, 2.1 and 2.2, deal successively with valorization and circulation functions. Section 2.3 then summarizes the analysis for the two types of functions and recalls that these functions are aimed at the maximizing of the profit rate.

2.1 The valorization of capital

Consider, first, the valorization process:

And it is the task of the capitalist to see to it when purchasing these means of production that their use-values have no more than the average quality needed to manufacture the product. This applies both to raw materials and to machinery, etc. They must all function with average quality and not present the labour, the living factor, with any abnormal obstacles. For example the quality of the raw material implies among other things that the machinery used should not produce more than the average amount of waste, etc. The capitalist must attend to all these things. Even beyond that, however, if the value of constant capital is not to be eroded, it must as far as possible be consumed productively and not squandered, since in that case the product would contain a greater amount of objectified labour within it than is socially necessary. In part this depends on the workers themselves, and it is here that the supervisory responsibility of the capitalist enters. (He secures his position here through piece-work, deduction from wages, etc.) He must also see to it that the work is performed in an orderly and methodological fashion and that the use-value he has in mind actually emerges successfully at the end of the process. At this point too the capitalist ability to supervise and enforce discipline is vital. Lastly, he must make sure that the process of production is not interrupted or disturbed and that it really does proceed to the creation of the product within the time allowed for by the particular labour process and its objective requirements.⁸

In this quotation, Marx provides a thorough account of the role of the capitalist in the valorization process, that he considers, as noted in the previous section, as actual *effort*. In these lines, Marx clearly has in mind the theoretical patterns corresponding to his analyses of commodity and surplus-value. The exchange value of the commodity is the sum of the components of constant capital (circulating and fixed) and variable capital. For the labor embodied to be recognized as such on the market, it must be in line with the socially necessary labor time, and the product must correspond to the expected use-value, etc. From the point of view of everyday firm practice, it is obvious that Marx describes here an important facet of business management.

In this description, technology and organization are given. But, it is implicit, and crucial to other aspects of Marx's analysis, that the capitalist must make sure that the technology used is at least equal to or, if possible, ahead of his competitors. It is not the

7. There is another function of the capitalist distinct from the above. It is the *mobility of capital among industries*, that Marx analyzes in his chapter on competition and the formation of prices of production (K. Marx, *Capital, III, op. cit.* note 6, Vol. III, ch. 10). For brevity, it will not be considered in the present study.

8. K. Marx, *Capital, Volume I*, New York: First Vintage Book Edition (1867), Appendix⁹, p. 985-986.

actual labor expanded that is sanctioned on the market, but rather a “social norm”, the socially necessary labor time, which is constantly changing. Therefore, the capitalist is not only involved in the control of the labor process as such, but constantly directs its transformation.

In other parts of his work, Marx distinguishes even more explicitly the *disciplinary* component of the activity of the capitalist from the *coordination* of the labor process:

The work of supervision and management necessarily arises where the direct production process takes the form of a socially combined process, and does not appear simply as the isolated labor of separate producers. But it takes different forms. On the one hand, in all labour where many individuals cooperate, the interconnection and unity of the process is necessarily represented in a governing will, and in functions that concern not the detailed work but rather the workplace and its activity as a whole, as with the conductor of an orchestra. [...] On the other hand [...] this work of supervision necessarily arises in all modes of production that are based on opposition between the worker as direct producer and the proprietor of the means of production.¹⁰

Whenever production requires the cooperation of a number of individuals, a leader must coordinate collective action. However, a disciplinary component is also implied here, if labor relations are antagonistic (as is the case in capitalism).

The image of the music conductor is certainly illustrative, but it suggests a rather idealistic view of this puzzling intrusion of the capitalist within the labor process. In Volume I, Marx describes the mechanisms by which all “noble” functions are appropriated by the capitalist and transformed into attributes of capital, and stresses simultaneously that, on this basis, the manufacture creates the conditions for the development of organization and the application of science to production:

The knowledge, judgement and will which, even though to a small extent, are exercised by the independent peasant or handicraftman, in the same way as the savage makes the whole art of war consist of his personal cunning are faculties required now only for the workshop as a whole. The possibility of an intelligent direction of production expands in one direction, because it vanishes in many others. What is lost by the specialized workers is concentrated in the capital which confronts them. It is a result in the division of labour in manufacture that the worker is brought face to face with the intellectual potentialities of the material process of production as the property of another and as a power which rules over him. This process of separation starts in simple co-operation, where the capitalist represents to the individual workers the unity and the will of the whole body of social labour. It is developed in manufacture, which mutilates the worker, turning him into a fragment of himself. It is completed in large-scale industry, which makes science a potentiality for production which is distinct from a labour and presses it into the service of capital.¹¹

This analysis touches directly on a crucial aspect of the involvement of the capitalist in the labor process: “the capitalist represents to the individual workers the unity and the will of the whole body of social labour”. This is a specific feature of the division of labor in capitalist economies, which is related to its nature as a class society. The conception and

10. K. Marx, *Capital, III, op. cit.* note 5, Vol. III, ch. 23, p. 507.

11. K. Marx, *Capital, I, op. cit.* note 9, Vol. I, ch. 14, p. 482.

coordination of the labor process — the “noble” part of the task — is *violently* appropriated by the capitalist. This is the natural corollary of the private ownership of the means of production and of the product.

2.2 The circulation process

The second aspect of capitalist functions concerns the circulation process of capital. At issue here are the metamorphoses of capital from one form to another: money, commodity, and productive capital. These three forms exist simultaneously for various fractions of capital, and the capitalist must constantly control their proportions. Consider three examples: Trade, cash operations, and accounting.

1. *Trade*:

Just as the circulation time of capital forms a necessary part of its reproduction time, so the time during which the capitalist buys and sells, prowls around the market, forms a necessary part of the time in which he functions as a capitalist, i.e. as personified capital. It forms a part of his business hours.¹²

2. *Cash Operations*:

But how forms pertaining to the merely formal transformation of value, [...] — how these may strike the eye as massive circulation costs is seen in the simple case of the receipt and dispensing of money, once this has become independent and exclusive function of banks, etc., or of cashiers in individual businesses, and is concentrated on a large scale.¹³

3. *Accounting*:

Besides the actual buying and selling, labour-time is spent on book-keeping, which requires pens, ink, paper, desks and other office equipment as objectified labour. Thus it is spent in this function both as labour-power and as means of labour. In this connection, the same state of affairs obtains as with buying and selling time.¹⁴

As in the case of valorization, it is quite explicit in the above quotations concerning circulation, that what Marx is describing here refers to what would now be denoted as “business management”, in the broad sense of the term.

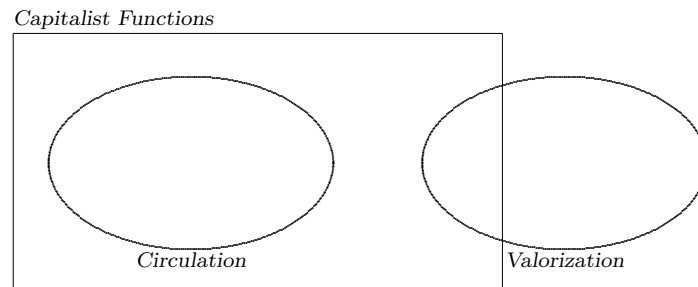
2.3 Valorization and circulation

The expression “capitalist functions” actually refers to both production and circulation activities, but there is a difference between the two components. All circulation activities are part of the capitalist functions, whereas the capitalist is, obviously, only involved in

12. K. Marx, *Capital, Volume II*, New York: First Vintage Book Edition (1885), Vol. II, ch. 6, p. 207.

13. K. Marx, *ibid.*, Vol. II, ch. 6, p. 213.

14. K. Marx, *ibid.*, Vol. II, ch. 6, p. 211.



some aspects of valorization, concerning discipline and coordination. Diagram 1 illustrates this difference.

The combination of the valorization and circulation processes of capital in volume III of *Capital* allows for the definition of the profit rate. It is, therefore, possible to state on this basis the rather obvious observation that *the purpose of the activity of the capitalist is to produce as much profit as possible out of his/her capital, i.e., to maximize profit — or, equivalently, under the assumption of a given capital — his/her profit rate:*

1. In the case of the production process, the activity of the capitalist is aimed at the extraction of more labor from the productive worker, while saving on all fractions of capital consumed in the labor process. This guarantees the extraction of a maximum surplus-value with minimum costs.
2. In the case of the circulation process, the efforts of the capitalist are first required to minimize the capital advance. Second, the commercial activity of the capitalist also includes the attempt to obtain the best price on the market, *i.e.*, to realize maximum profits.

The combination of these various elements clearly leads to the maximizing of profit and the profit rate.

3 - The transfer of capitalist functions to the business staff

Once the notion of *capitalist functions* is clearly set out, it is possible to locate the business staff in the analysis: *The capitalist functions are actually transferred to the business staff*, either in their totality or only partially.

A first aspect of this transfer of capitalist functions corresponds to the rise of the salaried *manager*. It is already an important feature of 19th century capitalism:

Capitalist production has itself brought about it that the work of supervision is readily available, quite independent of the ownership of capital.¹⁵

15. K. Marx, *Capital, III, op. cit.* note 5, Vol. III, ch. 23, p. 511.

Thus, the person of the manager is a substitute for that of the functioning capitalist, but the transfer of capitalist functions to lower-rank salaried workers is also often described by Marx. This is the case in the quotation from the previous section, concerning cash operations, where Marx refers to the “cashiers” in the individual enterprises. This is also true for clerical personnel, such as sale workers, accountants, foremen, etc.

These transformations are related to the development of the corporate firm:

Joint-stock companies in general (developed with the credit system) have the tendency to separate this function of managerial work more and more from the possession of capital, whether one's own or borrowed.¹⁶

Within the corporation, the capitalist functions are separated from ownership, and both functions and ownership are “parcelled out” to the business staff and stockholders, respectively.

In fact, Marx's vision of the evolution of capitalism also includes the re-concentration of ownership within financial institutions, *i.e.*, the development of financial capital:

But since on the one hand the functioning capitalist confronts the mere owner of capital, the money capitalist, and with the development of credit this money capital itself assumes a social character, being concentrated in banks and loaned by these, no longer by its direct owner; and since on the other hand the mere manager, who does not possess capital under any title, neither by loan or in any other way, takes care of all real functions that fall to the functioning capitalist as such, there remains only the functionary, and the capitalist vanishes from the production process as someone superfluous.¹⁷

The capital advance is now mediated by large financial institutions. Management is carried out by managerial and clerical salaried employees who are separated from ownership (even within financial institutions). This description provides a picture which is fairly close to that of modern capitalism. The existence and role of large “business staffs” or “private bureaucracies”, and the disappearance of the person of the capitalist, are explicit components of the picture.

4 - Business management and the distinction between productive and unproductive labor

Section 4.1 recalls the definitions of productive and unproductive labor, and discusses their application to capitalist functions. Section 4.2 is devoted to the transfer of both productive and unproductive tasks to salaried personnel.

16. K. Marx, *ibid.*, Vol. III, ch. 23, p. 512.

17. K. Marx, *ibid.*, Vol. III, ch. 23, p. 512.

4.1 Productive and unproductive labor and the nature of capitalist functions

The concept of productive labor in Marx's work has two basic meanings:

1. One approach defines productive labor as labor that leads to the production of a *product* or, more specifically, of a *commodity*.
2. In a second sense, a category of labor is said to be productive, if it *produces surplus-value* for the capitalist.

The first definition is meaningful in a non-capitalist commodity-producing economy. The second definition is specific to a capitalist economy, and implies that labor power has been sold. Obviously, labor can be productive in the first sense and not in the second sense.

Difficult issues plague each of these definitions. One well-known problem (that will remain beyond the limits of the present study) concerns the classification of services. Concerning the second definition, it is important to note that the actual *appropriation* of a surplus-value is crucial in Marx's mind. Its mere *realization*, as in commercial activities, is not a sufficient criterion for labor to be labelled as productive.

By applying the first definition to capitalist functions, we find that there is both a *productive* and an *unproductive* component to the activity of the capitalist:

1. When Marx refers to a "governing will" in the quotation concerning the work of supervision and management (section 2.1), he explicitly states the productive character of coordination. ("*This is productive labour that has to be performed in any combined mode of production*", K. Marx, *Capital, III, op. cit.* note 17, Vol. III, ch. 23, p. 507.) The labor process is organized as a hierarchial system ("*[...] the various operations of the hierarchy of labour-power are parcelled out among the workers [...]*" K. Marx, *Capital, I, op. cit.* note 9, p. 469) on top of which lies the capitalist. This is part of his/her status as a capitalist, and a necessary element in the preservation of relations of production; to that extent, he/she participates in productive activities, in the first sense. This does not mean, however, that surplus-value is extracted on this fraction of his/her own work, as in the second definition.
2. On the contrary, the disciplinary component of the activity of the capitalist is clearly defined as unproductive, and the same holds true for all circulation activities.

Following this analysis, one can add a new "zone" in the above diagram surrounding all productive tasks (see diagram 2). It excludes all circulation activities and cuts through the fraction of valorization activities within capitalist functions, thus separating the productive and unproductive segments.

Note, parenthetically, that this distinction between productive and unproductive labor is thoroughly different from that which opposes *useful* and *useless* (or parasitic) tasks:

He [the capitalist, D.,L.] performs a necessary function, because the reproduction process itself includes unproductive functions.¹⁸

Discipline must be maintained within the labor process, and circulation must be ensured. Therefore the unproductive components are quite useful and part of the maximizing of profit and the profit rate.

18. K. Marx, *Capital, II, op. cit.* note 12, Vol. II, ch. 6, p. 209.

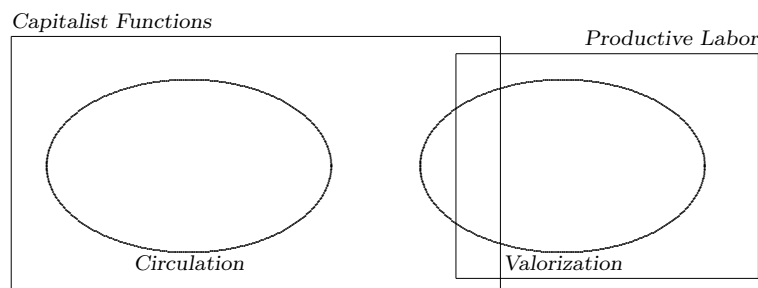


Diagram 2 - *Valorization and Circulation Processes, Capitalist Functions, and Productive and Unproductive Labor*

4.2 The transfer of productive and unproductive tasks

This section discusses the consequences of the transfer of capitalist tasks to salaried personnel. We begin with the *unproductive* tasks for which the analysis is straightforward.

Consider first *circulation* activities. The transfer of these functions, from the capitalist to salaried workers, does not alter their nature. These tasks are useful, and targeted to the maximizing of the profit rate, yet they remain unproductive, in both senses. This is very clearly stated by Marx, in considering the nature of commercial capital:

For the capitalist who has others to work for him, buying and selling is a major function. Since he appropriates the product of many people, on a larger social scale, so he has also to sell on such a scale, and later to transform money back again into the elements of production. Now, as before, the time taken up with buying and selling creates no value. An illusion is introduced here by the function of merchant's capital. But, without going into further detail, this much is clear from the start: if we have a function which, although in and for itself unproductive, is nevertheless a necessary moment of reproduction, then when this is transformed, through the division of labour, from the secondary activity of many into the exclusive activity of a few, into their special business, this does not change the character of the function itself.¹⁹

The circulation tasks are, in themselves, unproductive, independently of the person who handles them, or of the specific enterprise or industry where they are performed.

It is easy to extend this view to the *disciplinary* component of the activity of the capitalist within the labor process as well, which represents the second unproductive component of capitalist functions. These functions remain unproductive after their delegation.

Consider now the *productive* aspect of the capitalist function (the intersection of the two rectangles in diagram 2). Abstracting from the specific historical forms under which such organizational patterns emerged, the work of conception and coordination of the labor process must be carried out by a rather broad group of salaried personnel. This is obviously the case because of the limited technical faculties of the capitalist. In combination with the “standard” productive workers, these employees define what Marx calls the “collective worker” or “labourer”:

19. K. Marx, *ibid.*, Vol. II, ch. 6, p. 208-209.

The product is transformed from the direct product of the individual producer into a social product, the joint product of a collective labourer, i.e. a combination of workers, each of whom stands at different distance from the actual manipulation of the object of labour. With the progressive accentuation of the co-operative character of the labour process, there necessarily occurs a progressive extension of the concept of productive labour, and of the concept of the bearer of that labour, the productive worker. In order to work productively, it is no longer necessary for the individual himself to put his hand to the object; it is sufficient for him to be an organ of the collective labourer, and to perform any one of its subordinate functions. The definition of productive labour given above, the original definition, is derived from the nature of material production itself [definition 1, D.,L.], and it remains correct for the collective labourer considered as a whole, although it no longer holds good for each member taken individually.²⁰ Yet the concept of productive labour also becomes narrower. Capitalist production is not merely the production of commodities, it is, by its very essence, the production of surplus-value [definition 2, D.,L.]. [...] The only worker who is productive is one who produces surplus-value for the capitalist [...].²¹

In the “collective labourer”, some participants “stand at” some “distance” from “the manipulation of the object of labour”. This distance tends to hide their actual nature of productive workers. Thus, the first definition does not seem to “hold good” for “each member taken individually”. However, there is little ambiguity concerning the nature of these participants, when the process is considered globally. “Yet”, Marx continues, within capitalist production, it is the second definition which is really appropriate.

Marx is sometimes more specific concerning the hierarchy of workers involved in the collective worker, from the engineer (even the manager!) to the “drudge”:

Some work better with their hands, other with their heads, one as manager, engineer, technologist, etc., the other as overseer, the third as manual labourer or even drudge. An ever increasing number of types of labor are included in the immediate concept ([i.e., definition 1, D.,L.]) of productive labour, and those who perform it are classed as productive workers directly exploited by capital and subordinated to its process of production and expansion..²²

It follows from this analysis, that the productive functions in the first sense, when performed by the capitalist, remain productive in this same sense, when transferred to the business staff. They also become productive in the second sense, since the purchase of labor power is now involved.

With the small qualification above, it is, therefore, possible to *summarize* very simply the consequences of the transfer of all capitalist functions to the members of the business staff, concerning their categorization as productive or unproductive workers: *This transfer does not alter their nature.*

20. Here we slightly modified the English translation which reads: “[...] whole. But it no longer holds good for each member taken individually.”

21. K. Marx, *Capital, I, op. cit.* note 9, Vol. I, ch. 16, p. 643-644.

22. K. Marx, *ibid.*, Appendix, p. 1040.

5 - The business staff within the pattern of class relations

In spite of the attention paid by Marx to the development of the business staff within capitalism, and the numerous and rather tidy relationships which he establishes with his fundamental theoretical analysis (in terms of productive or unproductive labor, valorization or circulation of capital, interest or profit of enterprise, etc.), Marx's analysis does not solve, in our opinion, the issue of the class position of the business staff. This critical assessment is presented in section 5.1. Section 5.2 briefly sketches our view which refers to the development of a new class contradiction.

5.1 Marx's analysis and the class position of the business staff

At a very general level of abstraction, one can define the pattern of class relations within capitalism on the basis of the distinction between the capitalist and the productive worker. This is actually what Marx does in the passage quoted from the *Communist Manifesto* in the introduction to this paper.

Obviously, the consideration of the business staff introduces additional complexity to the problem. We believe that it is erroneous to use the notions of valorization and circulation, or those of productive and unproductive labor, in this investigation, as definite criteria to earmark the various categories of personnel along the old dichotomy: for example, engineers on the *proletarian* side, because they act within the production process and are part of the collective worker, and cashiers on the *bourgeois* side, because they act in the circulation process, and are unproductive workers.

Marx's analysis supports, in our opinion, the thesis of the ambiguous character—or double aspect—of the class position of the business staff with respect to the contradiction *Bourgeoisie / Proletariat*. Using Marx's categories, the two facets of this class position can be summarized as follows:

1. On the one hand, it is clear that the business staff carries out capitalist functions, that its members are useful but “often” unproductive, and that their remuneration represents a deduction from profits. In these respects, they are akin to the person of the active capitalist himself/herself, and alien to the person of the productive worker. The fact that some fractions of the business staff may assume the “productive” aspect of the capitalist functions, *viz.* the conception and coordination of the labor process, does not change the capitalist nature of these functions.
2. On the other hand, the business staff does not own capital (or subsidiarily). These personnel are hired to maximize the profit rate. They are servants to capital, and thus akin to the productive worker.

This double character of the class position of the business staff, with respect to the fundamental class contradiction within capitalism, should not be seen as a weakness of Marx's analysis. It is simply a basic feature of the class relations within capitalism. The history of capitalist societies has clearly demonstrated that *these groups have an ambiguous class position, with respect to the contradiction Bourgeoisie / Proletariat*. The merit of Marx's analysis is to provide a specific content to the double determination recalled above. The

problem, however, is that the analysis is *incomplete* and, to this extent, Marx's analysis may become misleading.

The ill consequences of this lack of completeness of the analysis appear strikingly in Marx's analysis of joint-stock companies, when he writes:

This is 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.²³

Marx insists in this analysis on the destruction of "private" industry, which results from the development of joint-stock companies, and describes this transformation as a "transition" toward a new mode of production (implicitly, socialism). Elaborating on this argument, it would be easy to reach the conclusion that the public ownership appears as a sufficient condition for the establishment of socialism, independently of the division of labor within the firm.²⁴ This type of derivation, however, leaves unresolved the question of the class position of the business staff, which, as contended by this paper, *manages, i.e., controls* collectively, the firm.

5.2 A new class contradiction

In our opinion, it is difficult to push the analysis further without acknowledging the development of a *new class contradiction* within the group of the business staff, a contradiction of a different nature than that between the capitalist and the productive worker. *This new class contradiction opposes the upper fractions of the business staff, or managerial personnel, to the subordinate fractions, or clerical personnel.* This is symbolically represented by a dotted line in diagram 3.

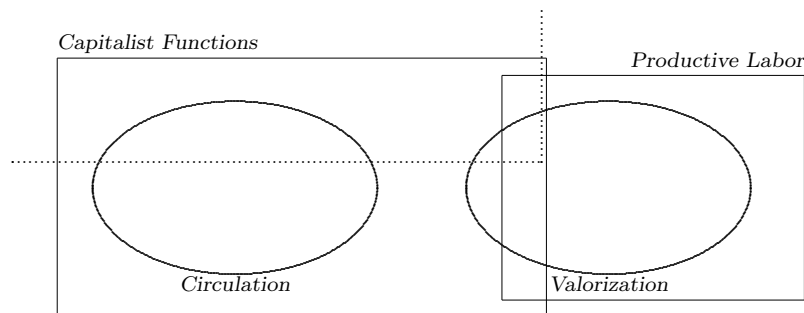


Diagram 3 - Capitalistic Patterns
and the New Class Contradiction

23. K. Marx, *Capital, III, op. cit.* note 5, Vol. III, ch. 27, p. 569.

24. In the early stages of the construction of socialism, Lenin confronted the view that the transfer of the ownership of the means of production to the proletarian state would be a sufficient condition for their actual appropriation (see C. Bettelheim, *La transition vers l'économie socialiste*, Paris: Maspero (1970), ch. 3). However, he emphasized the social control of the means of production, not the relationship between workers and firm managers.

One must recognize squarely the fact that the basic concepts of productive and unproductive labor do not allow for the classification of this new aspect of the division of labor within capitalism. It represents a unique distinction of its own between managerial and clerical labor different from the traditional distinction between productive and unproductive labor. It does not refer to the creation of value, but to a class division within management labor.

From the first steps of capitalism to its modern stages, it has always been the case that the transfer of capitalist functions to salaried workers was realized in an antagonistic manner. Some functions, such as the immediate supervision of the labor process, or repetitive administrative work, were delegated to subordinate personnel. Other functions were concentrated within the hands of a small number of top executives or managers.

This polarization within the business staff reproduces the antagonistic features of the intrusion of the active capitalist within the collective worker (see section 2.1 above), concentrating all creative and “noble” aspects of production in his hands.

It is not the purpose of the present study to provide historical references to the early forms of this division of labor, but this separation was apparent in England from the earliest stages of the industrial revolution. (For a well documented historical account of this evolution in England, see S. Pollard, *The Genesis of Modern Management, A Study of the Industrial Revolution in Great Britain*, London: Edward Arnold (1965).) The practical manifestations of this polarization are well known in modern capitalism. With the assistance of the mechanization of clerical work, the working conditions of the lower fractions of the business staff tend to reproduce the working conditions of productive workers, whereas knowledgeable functions are concentrated at the other end of the hierarchy.

In modern managerial capitalism (as described, for example, by A.D. Chandler, *The Visible Hand. The Managerial Revolution in American Business*, Cambridge: Harvard University Press (1977)), *the two class contradictions are combined* and produced the rather complex pattern of class relations that presently exist. Indeed, much research remains to be done concerning the determination of the frontiers between the upper and lower fractions (as was the case with the contradiction *Bourgeoisie / Proletariat*) and the concrete forms implied by the combination of the two contradictions.

In spite of such limitations, this analysis accounts for the puzzling features of class relations in capitalism (in particular in its modern forms). One observes simultaneously:

1. A first opposition between capitalists (C), the upper fractions of management or managerial personnel (M), and subordinate “management” or clerical personnel (m), on the one hand, and productive workers (p), on the other hand: $C + M + m \leftrightarrow p$. This approach of class patterns singles out the workers as a lower class. It is still sociologically very important in modern capitalism.
2. A separation between capitalists and the other groups: $C \leftrightarrow M + m + p$. It isolates owners (as parasites) and all active groups (salaried workers). This separation is politically important in the propaganda of the left, and supports the “solidarity against capital” argument.
3. A commonality between the two intermediate groups, $M + m$, which singles them out as white collar non-owners and creates a distance from the two old antagonistic fractions C and p : $C \leftrightarrow M + m \leftrightarrow p$. This commonality is especially important on the work place.
4. A rather clear separation between the capitalists and managers, on the one hand, and clerical personnel and productive workers, on the other hand: $C + M \leftrightarrow m + p$. This is

the overall contradiction between owners and managers (tightly intertwined), on the one hand, and clerical and productive workers (with similar socio-economical conditions), on the other hand. The first group is that of the *Owners-Organizers*, and the second that of the subordinate workers. This contradiction becomes progressively more important than the first one above, from sociological and, may be, political points of view. However, within each of these two groups, the distinctions are still important: $C \leftrightarrow M$ and $m \leftrightarrow p$.

These patterns are the expression of what we denoted above as the *combination* of the two class contradictions.

The first dichotomy, $C + M + m \leftrightarrow p$, represents a threshold way of remaining very close to the contradiction *Bourgeoisie / Proletariat*, and being in line with Marx's analysis in the *Manifesto*. The second division, $C \leftrightarrow M + m + p$, defines a second approach equally faithful to the contradiction *Bourgeoisie / Proletariat*, and echoes Marx's remarks (see section 5.1) concerning the transition to socialism. The third point of view, which stresses the commonalities among the two intermediate groups $M + m$, is in accord with Marx's analysis of the transfer of capitalist functions to the business staff. The fourth division actually combines the contradiction *Bourgeoisie / Proletariat* with that resulting from the polarization of tasks within the business staff.

The main concern in the Marxist literature is to place the business staff somewhere within the contradiction *Bourgeoisie / Proletariat*. This can be done in two different manners that we will consider successively—either by splitting the group, or by wedging an intermediate class between the two terms of the contradiction as a lower fraction of the bourgeoisie (or a new petty bourgeoisie).

A first view places the emphasis on *top* managers (basically outside of the workshop), and describes this group as a special category of *capitalists*. This is, for example, the analysis developed by Paul Baran and Paul Sweezy (P. Baran, P. Sweezy, *The Monopoly Capital*, Monthly Review Press: New York, London (1966), p. 35), or by Paresh Chattopadhyay (P. Chattopadhyay, Bureaucracy as "Class" in Marxism, An Outline, Department of Economics, Université du Québec à Montréal (1992)) in this volume. There is a common aspect between this analysis, and the view briefly sketched above, since, in both cases, the business staff is split into two sub-categories. However, this view suffers, in our opinion, from several fatal weaknesses. It underestimates the complexity of the pattern of class relations within capitalism and, in particular, the existence of middle classes ($M + m$). It isolates the upper fractions of the business staff (with a narrow definition), appends these groups to the traditional bourgeois class, and avoids the analysis of the existence of unproductive subordinate personnel. It also overlooks much of the complexity of Marx's analysis, which, among other things, stresses the numerous similarities between the work of subordinate personnel and upper managers—who collectively insure the capitalist functions—and therefore questions the straightforward dichotomy.

A second analysis stresses the emergence of a *new class*, in the interstices between the traditional full-fledged bourgeoisie and proletariat. This was already the view presented by Rudolf Hilferding (R. Hilferding, *Finance Capital: A study of the Latest Phase of Capitalist Development*, London: Routledge and Kegan Paul, 1981 (1910)). It is also the thesis set forward, more recently, by a number of researchers. Nicos Poulantzas (N. Poulantzas, "Marxism and Social Classes", *New Left Review*, 78 (1973), p. 27-54 and *Social Classes in Contemporary Capitalism*, London: New Left Review Press (1974)) refers to the new class as a *new petty bourgeoisie*. Erick Olin Wright (E. Olin Wright, *Class, Crisis and the*

State, London: New Left Books (1978)) uses the concept of “objectively contradictory” class positions (see also D. Stabile, “The New Class and Capitalism: A Three-and-Three-Thirds-Class Model”, *Review of Radical Political Economics*, 15 (1983), p. 45-70).²⁵ Again, there is an important similarity between this view point and ours, in that it stresses the common element among all categories of the business staff. In this respect, it echoes Marx’s analysis of the transfer of capitalist functions to salaried personnel. However, it also raises a number of difficulties. By laying the emphasis on the existence and growth of middle classes, it ignores the polarization between the upper and lower fractions of the business staff and, consequently, the overall class contradiction $C + M \leftrightarrow m + p$. The dichotomy often reappears in this analysis as a *political division* between some fractions of the new class who stand on the bourgeois side, and others who choose the proletarian camp.

25. A difficulty within this approach is to define the relationship between the new class and the traditional petty bourgeoisie (see, for example, H. Braverman, *Labor and Monopoly Capital*, New York: Monthly Review Press (1974)). Olin Wright criticizes Poulentzas’ aggregation of the new class to the traditional petty bourgeoisie.

Contents

Introduction	1
1 - Ownership and management	2
2 - Capitalist functions	3
2.1 The valorization of capital	4
2.2 The circulation process	6
2.3 Valorization and circulation	6
3 - The transfer of capitalist functions	7
4 - Productive and unproductive labor	8
4.1 Productive and unproductive labor	9
4.2 The transfer of productive and unproductive tasks	10
5 - The pattern of class relations	12
5.1 Marx's analysis and the class position of the business staff	12
5.2 A new class contradiction	13