

# Class conflicts in the transformation of China



## Introduction

As we previously argued in issue 14,<sup>1</sup> the immense economic transformation that is occurring in China has not been driven by China's move to a market economy, as neo-liberal ideologues insist, but by the success of the Chinese state in attracting and tying down international capital on its own terms. When Deng Xiaoping opened up the Chinese economy in the early 1990s, after four decades of autarchic development, foreign capital was permitted entry only to the extent that it assumed the form of real productive capital. In joint ventures with the Chinese state, foreign capital was required to provide both the plant, machinery and technology necessary to raise the productivity of Chinese labour and access to Western markets. In return the Chinese state provided investment in infrastructure (i.e. transport, communications, electric power and other utilities) necessary for the accumulation of capital, social peace and, most importantly, an almost inexhaustible supply of cheap and compliant labour-power.

China's integration into the world economy over the past decade or so has not only led to rapid and sustained economic growth in China, but to a rejuvenation of both world capitalism and American economic hegemony. Firstly, as we have previously pointed out, China's integration into the world economy has been based on specialising in the mass production of cheap manufactured commodities, which the West, and the US in particular, either gave up producing during the restructuring of the 1970s and '80s, such as clothes and toys, or which was were not produced before, such as DVDs and mobile phones. As a consequence, China has been able to establish a complementary dynamic of accumulation with the USA. As such, the vast and increasing flood of cheap Chinese commodities into the US economy has, for the most part, not had the effect of displacing American-based capital, and thereby creating

unemployment, but has served to reduce inflationary pressures. At the same time, the Chinese state has recycled the growing inflow of US Dollars earned by its exports by buying up American financial securities, thereby helping to finance America's trade and government deficits. This has given the US authorities much greater freedom to use monetary and fiscal policy to ensure a more rapid and continuous capital accumulation and growth in the American economy.

Secondly, and more generally, China's integration into the world economy, on the basis of providing a plentiful supply of cheap and compliant workers, has opened up a vast new source for the production surplus value. As a result, China's entry into the global economy has served to sustain the recovery in the rate of profit across the world, which has been occurring since the restructuring of the 1970s and 1980s, to the point where they are approaching levels not seen since the long post war boom.<sup>2</sup> Indeed, with this revival of the rate of profit, we have entered what increasingly looks like a Kronratiev-style long term upswing in the American-centred world accumulation of capital.<sup>3</sup>

The immediate question that arises is how long can this rosy state of affairs for capital be sustained? Won't the complementary dynamic of capital accumulation between China and the US sooner or later break down? In our previous article on China we highlighted three possible scenarios. Firstly, China's rapid economic growth is raising the demand for energy and raw materials. This has already led to rising prices for raw fuel and raw materials; thereby offsetting the deflationary effect of China's cheap manufactured exports and shifting profits away from America and the West to the producers of such fuels and raw materials. As geo-conflicts grow, particularly around oil, then the global *Pax Americana* that has existed since the end of the Cold War will come under increasing strain.

Secondly, we suggested that as it is obliged to open up to global financial capital it might become increasingly difficult for China to sustain its model of state-directed accumulation of capital. Investment in China will become increasingly determined by the global capital markets rather than by the Chinese. Indeed, if China's financial system is prised open too soon then China's economy could be derailed by a

<sup>2</sup> The high productivity of the Chinese worker equipped with western technology and working long hours, combined with low wages means a high production of both absolute and relative surplus value, which of course increases the general rate of profit once it is generalised through falling relative prices of Chinese manufacturers. However, in locating production in China, low wage costs have often encouraged capital to adopt less capital intensive methods of production allowing for a *fall* in the organic composition of capital which will also enhance the general rate of profit.

<sup>3</sup> The Russian economist Kronratiev postulated that there existed a forty to fifty year economic cycle in the capitalist economy. This cycle would provide an envelope within which the normal five to ten year business cycles would occur. During the downswing of the cycle recession would be deep and economic recoveries weak. In the subsequent upswings economic booms would be strong and interrupted by shallow recessions.

<sup>1</sup> 'Welcome to the 'Chinese century', *Aufheben* #14, 2006.

financial crisis like that which befell the South East Asian tiger economies in 1997 but on a far greater scale.

Thirdly, if the this 'complementary dynamic of accumulation' avoids the pitfalls of inter-imperialist conflicts over oil and raw materials or financial crises, then it will ultimately turn into its opposite. As it inevitably moves into the production of more sophisticated and higher value commodities, as it is already doing, then China's capital accumulation will increasingly compete with that of the US and the West. At some point, perhaps towards the end of the next decade, the complementary dynamic of accumulation between US and Chinese capital will become a competitive one. It will be at that point when China will begin to seriously challenge the economic hegemony of US capital.

However, one scenario was the possibility that China's capital accumulation could run into the buffers of social unrest and class conflict. Indeed, it may be asked how much longer can the Chinese state ensure social peace, and how much longer can it provide world capital with a cheap and compliant supply of labour-power? It is to this issue that we shall now turn to consider.

**The social impact of China's economic transformation**

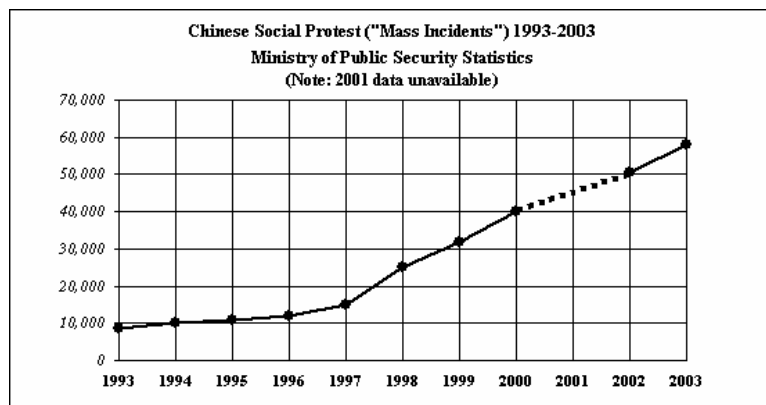
China's immense economic transformation has involved terrible human and environmental costs.<sup>4</sup> Of course, its apologists point to the fact that economic growth has allowed the average level of consumption to rise.<sup>5</sup> They point to the growing Chinese middle class whose standard of living is comparable to their Western counter-parts and would have been inconceivable ten or twenty years ago. And they point to the 200 million peasants whose money incomes are now above the international levels defining absolute poverty.

Yet in less than a generation China has moved from one of the most egalitarian societies in the world to one of the least egalitarian. Although tens of millions of people have become substantially better off in material terms, the position of hundreds of millions have become worse. The 'iron rice bowl', which provided a minimum level of income security, free health care and education, has been smashed. Although people have more money, they have to spend more as state benefits in kind have been withdrawn. As we shall see, in the rustbelt regions of northeast China the devastation of old industries have thrown tens of millions out of work leaving them dependent on meagre benefits and on the precarious casual employment they can find. Millions of peasants have been driven off their land with little or no compensation. While in the booming factories of the south tens of millions of

migrant workers are obliged to work extraordinary long hours in often atrocious conditions. At the same time, thousands of miners and construction workers are killed in work accidents every year because basic health and safety standards are ignored. If this was not enough, then the relentless drive to expand capital has meant that scant regard has been paid to the impact on the environment. As we shall see in more detail, across China rapid industrialisation and urbanisation is leading to an alarming increase in pollution. As a result millions of Chinese people are being poisoned as China's air, land, rivers and sea are turned into toxic waste dumps. China's Communist leaders have certainly unleashed a capitalism red in tooth and claw.

Yet, it would seem, at least at first sight, that all this has been done with little or no discernable resistance. The objective laws of capital seem to have imposed themselves with no let nor hindrance. Indeed, to the dismay of many liberal commentators, who once placed so much hopes in the middle class protesters of Tiananmen Square, China is claimed to have found the magic formula for combining the economic dynamism of a 'market economy' with the totalitarianism of a one-party state. However, on closer inspection it becomes clear that while the Chinese middle class has become consumed by consumerism, there has been widespread resistance by both peasants and workers, which has often been ignored by the Western bourgeois media.

According to the Chinese government's own figures, which are likely to be underestimates, there has been a steady growth in protests since the early 1990s. In 2005 the government recorded 87,000 incidents of social unrest involving a hundred or more people, up from 74,000 in 2004 and 58,000 in 2003. These incidents have ranged from small illegal but peaceful protests to full scale riots. Even if we deflate these numbers in accordance with China's huge population, this still amounts to a substantial level of unrest compared with say the United Kingdom (although perhaps this is not saying much). This is certainly the case if we consider the penalty for organising protests without official permission may be as much as seven years in prison. Indeed,



there are many commentators in the West and within China who are giving the regime dire warnings that if they do not introduce the safety valve of some form of bourgeois democracy then there will sooner or later be a social explosion in China. The Chinese government itself has in recent years become increasingly

concerned with the growing social unrest amongst both peasants and workers, and repeated pronouncements have been made about promoting social harmony.

So is China headed for a social explosion? Will the Chinese state be able continue to ensure a plentiful supply of cheap and compliant labour power? In this article, as a necessary step towards answering such questions, we shall look at the class conflicts that have arisen out of the immense economic transformation of China that have occurred over

<sup>4</sup> See Robert Weil, 'Condition of the Working Class in China', *Monthly Review*, June 2006.

<sup>5</sup> For a criticism of the orthodox views of China's economic transformation see 'China, Capitalist Accumulation, and Labor', *Monthly Review*, May 2007.

the last ten years or so; and how, so far, the Chinese state has been able to contain them.

We shall begin, in section 1, by briefly examining the formation of classes that arose during the Maoist period of state capitalism. In section 2, we will then consider the impact of the economic reforms in the 1980s and 1990s, particularly with regard to the restructuring of China's old industrial base that had been constructed under Mao. We will then, in sections 3, 4 and 5, consider the three distinct areas of class conflict that have arisen in response to the economic transformation of China: firstly, the struggles of the old industrial working class, who have faced the loss of their once secure and privileged position; secondly, the peasantry, who have faced the dispossession and dispoilation of their land; and finally, the newly emerging working class, who have suffered super-exploitation in China's rapidly expanding export and construction sectors.

## 1. Class composition under Mao

### 1.1 The origin of state-capital accumulation under Mao

Following the opium wars of the mid-nineteenth century imperial China had been opened up to foreign trade. This had led to the development of enclaves of small-scale capitalist and artisan industry around a number of China's coastal cities, which were largely orientated towards supplying the world market. This industry had been mainly dominated by foreign mercantile capitalists and a local comprador bourgeoisie, who had little interest in the accumulation of industrial capital beyond the rather limited requirements of foreign trade.

With the collapse of the Empire in 1916, the nationalist governments that came to power had sought to promote an independent national capitalist development. Yet such efforts were hamstrung by both civil war and war with Japan. In the 1930s, during the Japanese occupation, heavy industry had been developed in Manchuria to supply Japan's war effort. However, much of the moveable plant and machinery had been plundered and shipped back to Russia at the end of the Second World War.

As a consequence, on coming to power in 1949, the Chinese Communist Party (CCP) found itself presiding over what was still a predominantly peasant society. Tiny islands of industry existed within a vast ocean of largely subsistence agriculture, whose techniques of production had barely changed for millennia.

Given such backward economic circumstances, Mao had advocated a nationalist and anti-imperialist programme of gradual capitalist development. The state was to establish a monopoly of foreign trade, the property of both foreign and comprador capitalists was nationalised and a programme of land reform introduced. But beyond such measures, there was to be no further immediate moves towards socialism. Instead, in accordance with Mao's 'New Democracy' programme, the CCP was to lead a nationalist government, which would unite China's 'patriotic' landlords and bourgeoisie with the peasants, working class and petit-bourgeois masses.

However, the Korean War brought home to the leadership of the CCP the dangers of an imperialist intervention in China by the US. It now became clear that if the People's Republic of China (PRC) was to survive very much longer than it would have to develop a modern well-

equipped army. But to be able to do this China would have to rapidly industrialise.

As a consequence, the CCP decided to adopt the state capitalist form of economic development that had been pioneered twenty years earlier in the USSR. All means of production were nationalised, the market was suppressed and a command economy introduced. All the economic surplus that could be expropriated from the peasants and the small existing working class was to be concentrated into an all-out effort to accumulate productive capital in the form of heavy industry. However, this programme of rapid industrialisation necessarily entailed the rapid transformation of a large section of China's peasantry into a new industrial working class.

### 1.2 The formation of the industrial working class under Mao

Unlike their Russian counterparts, on embarking on a programme of rapid industrialisation the Chinese state planners did not rapidly run into problems of a general shortage of industrial labour. On the contrary, one of the principal problems they faced was how to control the vast migration from the countryside to the towns that rapid industrialisation might generate.

Of course, rapid industrialisation required a huge expansion of the industrial and urban workforce, particularly given the fact that, with China's economic isolation, there was little option but to employ highly labour intensive methods in the construction of this new industry. Yet amongst China's vast rural population there was potentially more than enough migrant labour to meet the demands for the planned programme of industrialisation. The problem was that if more migrants flocked to the cities in search of work in the construction of the new industries than could be readily employed then this, it was feared, would lead to rising urban unemployment and place unsustainable demands on the limited urban food supply. More produce would then have to be extracted from the peasantry to feed the cities. This not only threatened to undermine the CCP's support in the countryside, but also risked creating a vicious circle, as this greater rate of exploitation forced more of the rural population to migrate to the industrial and urban areas.

This large potential pool of migrants was nothing new. Indeed, the fear that migration from rural areas might swamp the cities had been a recurrent one for China's state bureaucrats for hundreds of years and was rooted in the class structures of China's countryside. In contrast to peasants in medieval Europe, the Chinese peasantry had never been tied to the land by extra-economic feudal dues and obligations. Instead, each peasant household entered into what was a primarily economic contractual sharecropping arrangement with their landlord. The peasant household would provide the labour, the landlord would provide the land, and the produce would then be shared in accordance with prior agreement.

The landlords had usually been in a strong bargaining position. With its vast mountainous and desert areas, the amount of land suitable for cultivation in China is limited. Furthermore, much of the land that is suitable for agriculture is not immediately so, and requires large-scale investment before its cultivation can take place. This is particularly the case for land required for the cultivation of rice - the staple crop for much of southern China. Rice cultivation requires

the construction and maintenance of large-scale irrigation projects. Such investments were beyond the means of peasant households and had usually been the responsibility of the landlords or the imperial bureaucracy. As a consequence, the landlords and the ruling class more generally, were able to squeeze the peasantry by keeping cultivatable land in short supply.

With land in short supply, a substantial proportion of the peasantry ended up with little or no land. Many of these were able to depend on kinship networks within the village to survive, providing in return much needed labour to their more fortunate relatives during the planting and harvesting seasons of the year. However, many others, too poor to marry, found themselves marginalised from the family-centred village communities and drifted away. A few of these marginalised peasants became bandits – or in the 1930s or 1940s had joined Mao's peasant armies – but most became what was known as the 'bare backs' and wandered from village to village, or town to town, looking for whatever work they could find. Hence the Chinese countryside had always contained a substantial pool of permanent migrant labour, which under certain circumstances could be drawn into China's towns and cities.

After handing over a substantial share of his crop to his landlord, and after having fed his family, even the relatively well-off peasant was left with little to sell. With the merchant driving a hard bargain, and having paid his taxes and dues, there would be very little money for the peasant to put aside for hard times or else to pay for necessary extravagances such as weddings and funerals. As a consequence, even relatively prosperous peasants could be tempted to send their sons to the city to find work during the slack times in the agricultural cycle. Thus, in addition to the 'bare backs', there had always been a substantial pool of seasonal migrant labour, which could be drawn into China's towns and cities at certain times during the year.

Of course, in coming to power the CCP had brought about important changes to the class relations of the Chinese countryside. The national programme of land reform of the 1940s, and the subsequent programme of rapid collectivisation of agriculture that took off ten years later, went some way towards alleviating the plight of landless peasants.

At the same time the state had expropriated both the landlords and the grain merchants. Yet the state bureaucracy's plans for rapid industrialisation required food for a vastly expanded industrial and urban population and agriculturally produced raw materials for the construction and operation of the new industries. The only way of meeting such requirements was for the state, as both the sole landlord of the peasants and as the sole purchaser of staple crops, to maintain a high rate of exploitation of the peasantry. Having now to share a substantial proportion of their crops with the state rather than with a landlord, and receiving low prices for what they had to sell to the state, most peasant's financial position was little better than it had been in the past.

Hence, the economic pressures for peasant households to migrate, although perhaps diminished, still remained. Yet at the same time, the restoration of the means of communication and transport following decades of war, and their inevitable further development with the programme of rapid industrialisation, meant that it became far easier to

migrate large distances. With the restoration and extension of China's roads and railways it would become possible for peasants in the remote interior provinces to make the long journey to China's industrial and urban areas.

However, although there were more than enough migrant workers in the Chinese countryside to meet the demand for unskilled labour, the unprecedented scale and pace of the industrial construction that was planned meant that there could only be a severe shortage of skilled labour. The Chinese state planners therefore faced a twofold problem with regard to meeting the labour requirements of rapid industrialisation: a potential oversupply of unskilled labour combined with an acute shortage of skilled workers.

This two-fold problem was addressed in two distinct but complementary ways. Firstly, in order to restrict unauthorised migration to the towns and cities, the ancient *hukou* system of residency permits was revived and strictly enforced, especially following the Great Leap Forward (GLF). Secondly, as a general rule, managers of individual state enterprises and construction projects were not allowed to hire workers directly. Instead, workers were recruited by state labour bureaus and then allocated to state enterprises and construction projects in accordance with the priorities set by the central state planners.

As a result, it was very difficult for peasants to migrate to the towns and cities without going through party-state channels. At the same time, the central planners were able to ensure that skilled labour in short supply could be directed to where it was most needed, and, at the same time, the vast armies of unskilled labour could be recruited when and where necessary without the risk of opening the floodgates to an uncontrolled migration of labour that might overwhelm the limited resources of the urban areas.

So, in contrast to the USSR, there had been more than enough peasants in the countryside willing and able to spend periods of time providing the muscle power necessary for the planned rapid construction of heavy industry. This pool of labour could be readily recruited in the requisite numbers by the state labour bureaus through the Party's extensive organisations across the countryside on short-term contracts for the duration of particular construction projects. Once these projects were completed these contracted workers could be either offered new contracts on new projects or obliged to return to the countryside.

Such contract workers were to remain a substantial part of the emerging Chinese proletariat throughout the Mao era. However, as the construction of the first wave of steel mills, power plants, mines and factories came to completion in the mid to late 1950s there began to arise an increasing need for a core of more or less permanent workers that could acquire the various skills to operate them. This was to give rise to the distinctly Chinese form of employment embodied in the *danwei* system.

### 1.3 The formation of China's 'aristocracy of labour'

As we have seen, there had been more than enough peasants prepared to spend periods of time working in the new industries that were being brought into being, even for the very low wages on offer. Living in what was largely a subsistence rural economy, where money was scarce, they needed the cash. Young peasants would hope to earn enough money to marry, rent land and set up their own household. Older peasants would hope to supplement their savings so

they could pay their daughters' dowries, secure themselves in old age and see themselves through hard times such as harvest failures. Yet, whether old or young they remained peasants, and however long they spent as industrial workers they expected to return home to their village. Tearing up

sentiments of solidarity. It was closer to a residential agglomeration of numerous peasant households than to a live and functioning community, though less atomized than, for example, a modern South Italian village where life seems to have been a pacific struggle of all against all.<sup>6</sup>

It was therefore relatively easy to entice individuals or groups of households away from the villages and, as we shall see, to create new urban communities.

In order to encourage the family-centred peasantry to become industrial workers, efforts were made to facilitate the transplantation of entire households into the new industries. Firstly, workplaces were to provide cheap housing, free medical care, pensions and other welfare benefits to their new core workers and their families. Secondly, core workers were given an implicit collective guarantee not only of a job for life, but also jobs for life for their descendants as well.

This was to result in the creation of the workplace-centred communities known as *danwei*.<sup>7</sup> By aggregating entire former peasant households, many of which were often recruited from the same locality, if not the same village, the *danwei* tended to recreate many of the traditional cultural and social characteristics and attitudes of the Chinese village. Indeed, many

observers have described the *danwei* as 'urban villages'.<sup>8</sup>

In the classical form of capitalism, the responsibilities of the individual capitalist towards the social reproduction of the working class is, for the most part, discharged with the payment of wages to the individual workers that have been hired. So long as he is able to hire workers in the next production period it is of little concern to the capitalist whether the working class as a whole is able to sustain itself in the long term. Responsibility for the overall social reproduction of the working class necessary for capital-in-general is left to the state - which through the provision of a



their roots in the countryside and moving to the industrial towns and cities was a very different and far more daunting prospect.

The problem facing state planners in securing a core of permanent workers for the newly constructed industries was therefore how to proletarianise the peasantry without undermining the CCP's political base in the countryside. In Western Europe the process of tearing the peasantry from the land had taken centuries and had often required force and bloody conflict. However, the solution to this problem was again both facilitated and conditioned by the particular nature of the traditional social relations in the Chinese countryside.

The village community in China had traditionally been far less integrated than it had been elsewhere in Asia. The basic social and economic unit was the household, made up of an extended family. The landlords had rented land to individual households; and each individual household organised its own labour necessary both to reproduce itself and pay its taxes and rents. It is true, particularly in the rice-growing areas of south China, that there was a need for co-operation between households in order to maintain and regulate the commonly used irrigation systems. The labour intensive harvest periods also required a degree of organisation of labour between households. Nevertheless, as Barrington Moore has concluded:

The Chinese village, the basic cell of rural society in China as elsewhere, evidently lacked cohesiveness in comparison with those of India, Japan, and even many parts of Europe. There were far fewer occasions on which numerous members of the village cooperated in a common task in a way that creates the habits and

<sup>6</sup> Barrington Moore, Jr., *Social Origins of Dictatorship and Democracy: Lord and Peasant in the Making of the Modern World*, Penguin University Press, 1966, p.208

<sup>7</sup> The *danwei*-form can be traced back to 1920s and 1930s. See Hsiao-Pu Lu, Elizabeth Perry and Xiaobo Lu, *Danwei: The Changing Chinese Workplace in Historical and Comparative Perspectives*, M.E. Sharpe, 1997.

<sup>8</sup> As Moore points out, although in some respects the traditional Chinese village was little more than a residential agglomeration of households when compared to village communities elsewhere in Asia, he goes on to say: 'There was at least a limited sense of community. The village usually had a temple and numerous festivals in which all *bona fide* villagers could participate to some degree. Also in the local oligarchy of notables the village had a generally effective means of settling disputes among inhabitants and preventing explosions from the aggressions that arise in any group of people living in close proximity. One indication of this sense of community is the fact that many villages rigidly excluded outsiders from membership. The reason was simple: there was not enough land to go round'. Barrington Moore, Jr., *Social Origins of Dictatorship and Democracy*, p.212.

system of universal welfare ensures that workers are able to sustain themselves through periods of unemployment, ill health, the education and training of a new generation of workers and makes sure workers are fit and healthy to work.

In contrast, in the state capitalism of China - where the state had become fused with capital - the *danwei* system ensured that much of the welfare functions of the state became devolved to each individual state-capital - or enterprise. In this regard there were close similarities with state capitalism in the USSR, where individual state-capitals were also responsible for the social reproduction of their 'own' workers. However, there were also important dissimilarities between China under Mao and the USSR in this regard. Although welfare was collectively provided by the workers' employer, it was mostly consumed individually. The worker would eat in the company canteens, live in the company-provided flats, go to the company doctors but for the most part they would do so as individuals separated from the state-capital. In contrast the *danwei* both reproduced the workforce as a community and integrated it within the state-capital.

Central to the *danwei*'s function in integrating the workers into the individual state-capital was its political role. The Party cell in each *danwei* was the basic Party unit in both industry and the urban areas. As such, it served to mediate between the CCP bureaucracy and the industrial proletariat. The Party cell and the works assembly served as the means to mobilise the workers behind the objectives of the Party. However, political mobilisation had to be something of a two-way process. The Party cell and the works assembly also had to be allowed to give voice to the concerns of the workers, albeit expressed in the terms and agenda set by the Party and confined within the limits of the *danwei*'s affairs.

In the classical form of capitalism, which we have in the West, the working class is fragmented, and then reintegrated within the overall process of the reproduction of capital, as individual consumer/citizens through the operation of commodity fetishism. In state capitalism there is little room for the working class individual to be posited by the state and capital as anything more than as a worker. Indeed in these 'worker states' the individual worker is exalted as such. There therefore have to be alternative means of fragmenting and integrating the working class within the overall process of the reproduction of capital.

In the case of USSR the working class had been divided through political atomisation.<sup>9</sup> In the case of China it was the collective organisation of the *danwei* system that served to divide the working class. As we have previously noted, one of the more important economic factors that had bound together the individual households that made up the traditional Chinese village had been the need to exclude strangers from competing for land. This gave rise to parochial and inward attitudes amongst the Chinese peasantry and hostility to strangers from outside the village. Such attitudes were preserved in the *danwei*. This was particularly apparent in the attitudes of permanent workers, who as such were members of the *danwei*, to temporary and contract workers, particularly those employed from time to time by the *danwei*'s individual state-capital, who despite

working in the *danwei* were not members of it and therefore didn't receive the same benefits as permanent workers.<sup>10</sup>

This division in China's working class was further reinforced with the stratification of the *danwei* system. *Danwei* in high-ranking industries tended to be able to provide greater welfare benefits. High-ranking enterprises tended to be large-scale industries, which could afford more comprehensive welfare. They also were considered strategic industries that had priority in access to scarce resources and, being under the immediate auspices of the central state ministries and commissions or provisional governments had greater political clout. *Danwei* in high-ranking industries were therefore far better endowed than those in smaller industries run by the lower echelons of the Party. Indeed, although all workplaces were supposed to have their own *danwei*, it was only in the larger and high-ranking industries that the *danwei* were really developed.

Thus, although there existed a highly egalitarian national wage structure, the *danwei* created a distinct 'labour aristocracy' of workers in the larger and high-ranking industries, which were jealous of their privileges and loyal to their own *danwei*. This 'labour aristocracy' was to provide a strong basis of support for the CCP within the emerging Chinese proletariat.

#### 1.4 The relation of the state to the peasantry under Mao

The ultimate constraint facing China's central planners' attempts in sustaining rapid industrialisation in the 1950s had been the low level of productivity of Chinese agriculture. An increasing industrial workforce could only be fed by increasing the amount of surplus-product that could be extracted from the peasantry. Yet this required the modernisation of Chinese agriculture.

In accordance with the Russian model, the solution to this problem had been seen in terms of ultimately re-organising Chinese agriculture on industrial lines. It was envisaged that large collective farms would be established that would allow for both the mechanisation of agriculture and the introduction of modern rationalised factory methods of production. As a consequence, the peasants would be transformed into a rural proletariat.

However, in order to avoid the disaster that had resulted from the forced collectivisation of Russian agriculture in the 1930s, the Chinese planners had originally planned that the collectivisation of agriculture would be a gradual process taking more than a generation to complete. First of all peasant households would be persuaded to form co-operatives. Then, when the first couple of Five Year Plans had established China's industrial base, agriculture could be gradually mechanised and collectivised.

However, in the mid-1950s, Mao initiated a political mobilisation, which sought to both reassert his position in

<sup>9</sup> See H. Ticktin, *Origins of the Crisis in the USSR*, Armonk, 1992.

<sup>10</sup> During the Maoist period while most strikes and protests by workers occurred in the context of mobilisation and factional disputes within the Party, it was the temporary and contract workers excluded from the full benefits of the *danwei* who on certain occasions took independent action in an attempt to gain the same concessions as *danwei* workers. See Elizabeth Perry, 'Shanghai's Strike Wave of 1957', *The China Quarterly*, No. 137 (Mar. 1994). For a more detailed general account of Chinese workers' struggles during the Maoist period see Jackie Sheehan, *Chinese Workers: A New History*, Routledge, 1998.

the Party and the Party's hold over the peasantry, while greatly accelerating the process of the collectivisation of agriculture. This was to culminate in the GLF that was launched in 1958.

Mao's rather utopian attempt to create in a couple of years large rural communes that would abolish the distinction between town and countryside, and in doing so bring together agriculture and industry into one vast organism, ended in disaster. However, following the retrenchment that followed the GLF a new configuration of the Chinese countryside was established. Although immediate control over agricultural production ended up being devolved back down to 'production teams' – which were often little more than peasant co-operatives – the communes were able to mobilise the under-utilised labour of the peasants. The communes set up and ran factories that produced tools, fertilisers and other inputs for local agriculture. Furthermore, during slack times in the agricultural year the commune authorities required the peasants to work on infrastructural projects such as road building and irrigation works.

By mobilising the under utilised labour of the peasantry in these ways the communes were able to steadily increase agricultural output. New land could be brought in to production and the land in use could be made more fertile and productive. This increased output combined with a closer supervision of agricultural production, allowed the party-state to extract a greater surplus-product from the peasants that was required to meet the needs of an expanding urban population.

Thus, although it did facilitate a steady increase in agricultural production, the commune system failed to bring about a large-scale agrarian revolution. More mechanised production methods were introduced in some areas of the countryside, more land was brought into cultivation and improved techniques were used, but essentially most peasants farmed and lived as they had always done.

### 1.5 Class composition under Mao concluded

As we have seen, the Commune system had failed to bring about either a social or even a technological revolution in the Chinese countryside. As such, at the time of Mao's death in 1976, China remained a predominantly peasant society. Nevertheless, the programme of rapid industrialisation launched in the 1950s had transformed millions of peasants into a permanent industrial and urban working class. Entrenched and stratified with the quasi-precapitalist social form of the *danwei*, this working class stood in a privileged position with respect to peasants. Indeed, it might be loosely said that the urban working class, or at least those who worked in the larger state enterprises constituted an aristocracy of labour.

As we shall now see, central to the class re-composition brought about by the current economic transformation of China has been the destruction of this old industrial working class, which had emerged during the Maoist era, and with it the dismantling of the *danwei* system.

## 2. Class conflicts over the dismantling of the *danwei*

### 2.1 Tiananmen Square

For bourgeois commentators in the West, perhaps the most famous, and certainly the most commemorated social unrest in China since the Cultural Revolution of the late 1960s has been the mass student-led protest centred on Tiananmen Square in the Spring of 1989. Coinciding with the growing political crisis in Eastern Europe, the mass protests at Tiananmen Square seemed to many at the time to herald the beginning of China's own 'velvet revolution'. It seemed that, as was happening in Eastern Europe, a predominantly middle class movement of mass peaceful protest was about to bring the downfall of yet another decrepit Communist regime. This would then open the way for both liberal economic reforms and a move towards bourgeois democracy in China.

However, despite such apparent similarities, the situation in China in 1989 was very different from that in Eastern Europe, and as such was to produce a very different outcome. In Eastern Europe the demands made by middle class intellectuals for liberalisation and democracy had had a far greater resonance amongst the population as a whole, including many functionaries of the Communist parties, than the similar demands made by the student protesters in Tiananmen Square. The peasants, who of course constituted the overwhelming majority of the population, remained indifferent, if not unaware of the daily mass protests in Beijing and other major cities across China. At the same time the economic reforms of the previous ten years had created a 'red bourgeoisie' of entrepreneurial bureaucrats that had a vested interest in defending the political and ideological monopoly of the party-state against liberal political reform. The urban working class, particularly the labour aristocracy of the *danwei*, had, as we shall see, for the most part done well during the reform period and, although a sizeable section undoubtedly were sympathetic to the students' denunciation of the unaccountability and corruption of party-state officials, they were at first reluctant to join the protests.

No doubt many 'hardliners' amongst the Party leadership cast a nervous eye over the continuing demonstrations and their similarities with the events that were occurring in Eastern Europe. However Deng Xiaoping, backed by the 'market reformers' faction within the Party leadership, was at first confident enough to tolerate the protests. Indeed, although he was certainly not prepared to make any concessions to the demonstrators that might undermine the political dominance of the CCP, Deng had proved particularly adept at using similar protests on previous occasions to further his factional struggles within the Party and no doubt had hoped to do so again.

However, at the beginning of May the urban working class began to join the demonstrations in significant numbers under the banners of some of the leading *danwei* of Beijing. Links began to be forged between the workers and those students who saw the mobilisation of the working class as the only means of breaking the standoff with the government. Attempts began to be made to form independent trade unions in direct opposition to the official party-state unions. Then, as fears of government repression began to rise, workers were at the forefront of initial attempts to form armed defence committees to defend the movement.

As it became clear to the Party leadership that the situation was beginning to slip beyond their control, the balance of opinion within the government shifted towards repression. On 3<sup>rd</sup> June the tanks were sent into Tiananmen Square and the protest movement was crushed. The student

leaders of the protests were either rounded up and given prison sentences or were forced to flee into exile, often into the welcoming arms of American universities. However, it was the leaders of the workers who had joined the protests that were to bear the full brunt of the repression. With little opportunity to flee many of those identified as ringleaders were either given lengthy prison sentences of hard labour or executed.<sup>11</sup>

## 2.2 The success and failure of the first wave of economic reforms

One of the crucial differences between China and Eastern Europe was that far from being the harbinger of 'market reforms', the Chinese 'velvet revolution' of 1989 had actually been the result of a crisis in the market-style reforms that had been introduced more than a decade earlier.

In 1978, as part of the factional struggles within the CCP that had followed Mao's death, Deng Xiaoping - in alliance with central planners, who wanted to concentrate on the expansion and modernisation of industry, and provincial Party bosses, who wanted a solution to the increased recalcitrance of the peasantry - had promoted the rolling out of agricultural reforms that in little more than five years were to see the complete dismantling of the rural communes, which had been established during the GLF twenty years earlier. The collectivisation of agriculture, introduced in the 1950s, was reversed and responsibility for production was returned to individual peasant households, who were now permitted to sell any thing they could produce over and above the amounts specified by the state procurement agencies on local markets.

At the same time, the local party-state officials, now freed from the tasks of overseeing agricultural production, were encouraged to expand the rural industries that had been established during the Maoist period. Instead of having to return revenues derived from, what were now known as, township and village enterprises (TVEs) they were permitted to retain any revenues over and above a specified amount that had to be paid to higher state organs. These retained revenues could then be used either to increase production or else improve local services as the village cadres thought fit.

On the back of the initial success of these agricultural reforms, Deng pressed for similar liberal economic reforms to be introduced in urban areas. In the early 1980s special economic zones (SEZs) were established that swept away the prohibitions on private trade and commerce that had been in place since the early 1950s. Like their rural counterparts the party-state agencies at neighbourhood and municipal levels were encouraged to expand the output of the urban collectives and co-operatives under their jurisdiction and, as an incentive, were permitted to keep much of the consequent proceeds.

In the mid-1980s liberal economic reforms began to be extended to the larger enterprises. The central plan was scaled back and factory managers were given greater financial and managerial discretion. This allowed many large-scale state industries to re-orientate production towards

sale to the now rapidly expanding non-planned sectors of the economy.

Perhaps rather ironically, the peculiar nature of the Chinese party-state had greatly facilitated the success of these first wave of reforms. Having emerged out of two decades of insurgent warfare the party-state, which had been developed under Mao, had always placed great stress on the initiative of local Party cadres. Local cadres had been directed less through detailed orders and commands issued from the centre and far more through broad ideological exhortations and political mobilisations. Now, with the market-style reforms, economics, not politics, was placed in command. The local Party cadres could readily transform themselves into 'entrepreneurial bureaucrats' and 'red capitalists' who had the initiative to drive forward local state-led capital accumulation in pursuit of the newly established market incentives. As a result, the first wave of economic reforms led to a rapid expansion in those more consumer-oriented sectors of the economy - such as small scale manufactures, retail and service industries - that had long been neglected in the drive to develop large-scale heavy industry during the Maoist era.

However, by the late 1980s, this economic boom had begun to run out of control. Fuelled by easy credit and increasingly speculative investments, inflation began to take off. With local party-state agencies able to retain revenues the central state found its outgoings rising far faster than its revenues leading to a ballooning central government budget deficit. At the same time, exacerbating all this, corruption became rampant, as the more unscrupulous party-state officials used their *de facto* control over state assets and decision-making powers to amass vast personal fortunes.<sup>12</sup>

For the mass of the Chinese population, who had enjoyed decades of price stability and expected party-state officials to share in the general austerity 'necessary for the building of socialism', rapidly rising prices and the sight of Party bosses making fortunes out of their positions and contacts led to growing discontent. Meanwhile, for many in the leadership of the CCP, the ballooning central deficit was an ominous sign of how they were losing control over local party-state organs, raising fears of the eventual political disintegration of the PRC. As a result, the initial success of the economic reforms had by the late 1980s created an economic and political crisis that was to culminate in the events of the spring of 1989.

During the period of political repression and retrenchment of liberal economic reforms, which followed the crushing of the Tiananmen Square protests, it seemed, particularly for neo-liberal ideologues in the West, that China's 'transition to a free market' capitalism had come to an abrupt and irrevocable halt. Although the economic reforms of the 1980s had established a substantial market-orientated sector of the economy - albeit within the matrix of the local party-state - this was mainly confined to small-scale production and distribution, and was largely concentrated in the SEZs. The bulk of China's industry remained mired by outdated technology, entrenched working practices and over-manning. What is more, such constraints had been greatly

<sup>11</sup> See Andrew Walder and Gong Xiaoxia, 'Workers in the Tiananmen Protests: The Politics of the Beijing Workers' Autonomous Federation', *Australian Journal of Chinese Affairs*, No. 29 (Jan. 1993) for an account of workers involvement in the Tiananmen Square protests.

<sup>12</sup> It can be argued that the widespread corruption of party-state cadres has been a form of primitive accumulation in which the new 'red bourgeoisie' has been able to amass not only wealth but capital.



exacerbated by the effective shift in state investment towards small-scale industry brought about by the reforms. This not only meant that larger-scale industry had been starved of investment for almost a decade, but also that those industries supplying raw materials and machinery necessary for the investment in heavy industry saw a sharp fall in demand for what they produced, leaving them with substantial overcapacity.

In the late 1980s, Deng and the 'market reformers' within the leadership of the CCP, had attempted to resolve these problems by pressing for the extension of economic reforms to the old 'socialist' core of the economy. However, whereas the creation of a market-orientated sector of the economy had been based on providing market incentives to the lower echelons of the party-state, the restructuring of old state sectors required the imposition of the discipline of the market in the form of bankruptcy and unemployment, and as such ran into far greater resistance. Many in the CCP were wary of implementing reforms, which by ultimately attacking the *danwei* and creating mass unemployment, could cause social and political unrest and undermine the traditional bastions of support for the party-state. This was particularly the case for middle-ranking cadres in both the state administration and the management of industry, who would have to deal directly with the consequence of such reforms and whose own entrenched interests could also be threatened by releasing the competitive discipline of the market. As a consequence, attempts to extend market-style reforms were to make little headway.

Hence, although the peculiar decentralised nature of China's party-state had facilitated the initial success of the first wave of reforms, it did so only up to a point. Indeed, it could be argued that the very success of the economic reforms that had begun in 1978 had served to undermine the overall central control of the Party leadership over the party-state that was necessary to push forward China's 'transition to free market capitalism'. Yet, at the same time, these very reforms had, as we have already mentioned, created vested interests that served to buttress the party-state against any challenge to its political and ideological monopoly.

So, while there seemed little hope of continued liberal economic reform from the existing regime, in the wake of the crushing of the Tiananmen Square movement, there seemed even less prospect of China's transition to a 'free market capitalism' being brought about by some kind of 'velvet revolution' from below. As bourgeois commentators in the West lamented at the time, it seemed that China had reached an *impasse*.

However, no doubt for many in the CCP the subsequent fall of the Berlin Wall in the autumn of 1989 showed how close they had come to following the same fate as their European counterparts only a few months before. This perceived threat to the very existence of the CCP's continuing power allowed Deng not only to consolidate his position in the leadership of the Party, but also to wrestle back control from the lower echelons of the party-state. After three years of retrenchment Deng, following a well-publicised tour highlighting the success of the previous wave of reforms in the southern provinces, was in a position to launch what was to be a second wave of reforms.

The most immediately apparent aspect of this resumption of economic reforms following Deng's return from his tour of the southern provinces was the drive to extend the success

of the first wave of reforms in developing local state-led capital accumulation within small-scale industry. Reforms, such as the sweeping away of the prohibitions on private trade and commerce that had largely been confined to the SEZs of the southern provinces, were now to be extended across the whole of China, and Party cadres everywhere were now exhorted to 'get rich'.

However, the new wave of reforms also mark a radical point of departure from the reforms of the 1980s. In what was to become the defining feature of the second wave of reforms, the controls over foreign investment, which had been central to the Maoist anti-imperialist policy of economic self-reliance and autarchic self-development, were relaxed. This was to lead to a vast influx of foreign capital, which predominantly assumed the form of joint ventures with the Chinese state and led to the emergence of a rapidly expanding export-orientated sector, which as we shall see has brought into being a new proletariat.

Yet a third aspect of the second wave of reforms was a renewed and more concerted attempt to reform the old 'socialist' sectors of the economy. Building on the rather *ad hoc* and tentative reforms that had been achieved in the 1980s, Deng Xiaoping now sought to push through a fundamental re-organisation and restructuring of large- and medium-sized industry. Instead of being run as more or less extensions of the party-state apparatus, state enterprises were to be hived-off in the form of independent profit-orientated corporations.

To achieve this transformation of the old 'socialist' sector what were to become known as state-owned enterprises (SOEs) had to be first of all placed on an independent financial footing. Instead of SOEs being provided with the funds to meet their costs of fulfilling the requirements of the central plan, and then returning all or part of the revenue back to the state, they would have to begin paying their own way. This meant not only retaining their own revenue but also using it to pay their own costs. At first, if revenues of an SOE fell short of its costs then this could be made up by direct grants from the state. However, these grants were then gradually transmuted into loans.

Once the SOEs had been placed on an independent financial footing they would then be in a condition to be floated off. In accordance with the policy that was to be encapsulated in the slogan 'letting go of the small while holding on to the large', the smaller SOEs were to be sold off as private companies, while the larger SOEs were to be reconstituted as joint stock companies in which the state would remain the principal stockholder but would facilitate direct foreign investment.

Yet if these enterprises were to function as profit-orientated corporations, whether they were privatised or remained state-owned, they also had to be relieved of their social obligations and radically restructured. Firstly, the responsibility for providing welfare was to be transferred to the various levels of the state administration. Then, in order make these enterprises sufficiently efficient and hence profitable, there had to be large-scale restructuring and rationalisation that would lead to redundancies. Hence, the old employment guarantees, which had been a central feature of the old 'socialist' sector had to be abandoned.

Thus, ultimately, the renewed reforms of the old 'socialist' sectors of the Chinese economy would necessarily entail the complete dismantling of the *danwei* and hence an

assault on the entrenched position of China's labour aristocracy.

### **2.3 The dismantling of the danwei – the impact of the first wave of reforms**

In some respects the first wave of reforms had actually strengthened the position of both the *danwei* and China's 'labour aristocracy' entrenched within them. With politics no longer in 'command' factory managers were allowed to manage without the day to day political interference of the Party cells and Party secretaries of the factory. As a result the roles and influence of the Party secretary and the Party committee in the workplace became substantially reduced. Furthermore, without the regular political mobilizations of the workers, the very mechanism that had bound the *danwei* to the wider interests of the party-state was seriously weakened. As a result, the *danwei* had been able to gain a degree of independence *vis-à-vis* the party-state to pursue their own distinct corporate interests.

Under Mao industrial action and protests by *danwei* workers had nearly always occurred in the context of factional disputes within the Party. However, in the 1980s independent industrial action and protests became commonplace, as *danwei* workers sought to raise wages ahead of rising price inflation. What is more, such actions were in general quite successful not least because of the complicity of the factory bosses.

Factory managers, who after all were also members of the *danwei*, were often in tacit collusion with their workers. With investment opportunities limited in many of the old state industries, factory managers were often more than willing to use whatever revenues they were able to retain under the financial reforms to improve the welfare benefits of their workforce. When the leadership sought to encourage increased production in state-run industries by introducing wage incentives, factory managers tended to pay out bonuses to everyone, effectively giving an across the board pay rise to their workers. With the wages bill funded by the state, strikes and protests could be seen as a means of extracting more money for the *danwei* from the factory manager's superiors rather than from the managers themselves.

As a result, during the 1980s *danwei* workers saw improved welfare provision and their wages rose significantly faster than prices. Not only this, with the huge expansion of small-scale consumer-orientated industries brought about by the first wave of reforms, *danwei* workers had a far larger range of commodities that they could buy with their higher wages. Hence, the 1980s saw a substantial material improvement for most *danwei* workers compared with the grinding austerity of the Maoist era.

Yet, the first wave of reforms were to bring about changes that were in the long-term to seriously undermine and weaken the *danwei*. First of all the shift in state investment away from large-scale industry meant that the *danwei* found themselves embedded in declining and increasingly dilapidated industries. No longer at the forefront of China's industrial development, they were to find themselves increasingly vulnerable to demands for their radical reform.

Secondly, and more immediately, was the introduction of individual labour contracts. The replacement of the implicit collective guarantees by individual labour contracts was first introduced in the SEZs in 1984. This reform then began to be

rolled out to the rest of China in 1986. By 1989 it was estimated that 95% of all state-run enterprises had introduced labour contracts. These reforms were made universal with the passing of the new labour laws in 1994.

Under this reform, all existing workers were given individual life-long employment contracts. However, all workers who were to be subsequently employed were to be given contracts that provided far less job security. This, at least in principle, provided management with far greater freedom to reduce the workforce, either through natural wastage or by making workers more recently hired redundant, in order to deal with the increasing problems of over-manning.

In the 1980s, at least in the larger *danwei*, this was not an option often taken advantage of by factory managers, and to this extent this reform remained largely a formal matter. However, the replacement of implicit collective guarantees by individual labour contracts was to have important long-term implications. Firstly, as we shall see, this reform was to create crucial generational divisions within the *danwei* between the older pre-contact workers and the younger generation of workers, which were to come to the fore with the major restructuring brought about by the second wave of reforms in the late 1990s.

Secondly, and perhaps more significantly, the introduction of this reform meant an end to the hereditary right to a job for the descendants of *danwei* workers. In doing so the enterprise effectively severed its responsibility for the social reproduction of the *danwei* as a workplace community. As such this reform, almost unnoticed at the time, can be seen to have marked the beginning of the end of the *danwei*.

### **2.4 The dismantling of the danwei – the second wave of reforms**

In the early 1990s it has been estimated that as much as a third of the urban workforce was surplus to requirements - with much of this superfluous labour concentrated in large-scale industry. The task of making 30 or 40 million workers redundant was certainly a daunting one, particularly as many of these workers had long served as an important pillar of support for the CCP. Furthermore, with the resumption of reforms coming as it did in the wake of the downturn in the economy following the bursting of the economic bubble of the 1980s, and before the take off of the export-orientated sector, it was not economically an auspicious time for launching a final assault on the entrenched positions of China's 'labour aristocracy'.

As a consequence, in the initial phase of the second wave of reforms the leadership of the CCP tended to shy away from creating widespread redundancies, and instead concentrated on changes that effectively weakened and undermined the solidity of the *danwei*. It is true that by 1996 the policy of 'letting go of the small' had begun to be implemented in earnest. This led to widespread bankruptcies and rationalisations and thereby to increasing redundancies in the smaller enterprises. However, as we shall see, it was not until 1997 - eight years after the events of Tiananmen Square - that the leadership of the CCP finally bit the bullet and began a programme of mass redundancies in large-scale industry, and in doing so struck at the heart of the old *danwei* system.

As we have pointed out, one of the consequences of the first wave of economic reforms had been a ballooning central government deficit. During the period of retrenchment following the Tiananmen Square crisis, the central government had been able to impose stricter budgetary and monetary controls that in effect shifted this deficit onto the balance sheets of SOEs. As a consequence, as more and more SOEs reached financial autonomy they found themselves saddled with large deficits, mounting debt and recurrent cash flow crises. Indeed, in 1994 it was estimated that more than 60% of all SOEs could be considered to be making a loss.

Profit and loss now became the overriding concern of factory managers. Not only did they have the fear of the sack if they failed to turn a profit, with greater financial autonomy they also had the hopes of diverting profits into their own pockets. Driven by such hopes and fears the factory bosses were soon to be transformed into efficient 'personifications of capital'. In the heat produced by such financial pressures and opportunities any lingering of the old paternal ties towards the *danwei* no doubt soon evaporated. Now immediately confronted with the 'need' to cut the bloated wage bill and concentrate management efforts on producing a profit, the factory bosses were far more amenable to further economic reform and the dismantling of the *danwei*.

As a consequence, along with this transformation of the factory bosses, the initial phase of the second wave of reforms saw an acceleration of the transfer of the administration of the welfare functions of the *danwei* to various levels of the state administration. Thus for example housing, that had been provided by the *danwei* for its workers, was now sold off to those tenants willing to buy it. The administration and maintenance of the remaining unsold housing stock was then transferred to the municipal authorities. Health care, which had been provided and administered directly by the *danwei*, along with the payment of pensions, was off-loaded onto various state-run insurance schemes. The enterprise now provided for health and pensions at arms length through the regular payment of contributions to these various insurance funds.

As a consequence, workers were still linked to their workplace insofar as their particular entitlement to welfare benefits was still determined by their membership of the *danwei*. However, the old personal and paternalistic ties that had existed between the management and workers within each *danwei* were transmuted into impersonal financial entitlements. The worker who had welfare problems could no longer go to the familiar factory manager, the Party secretary of the enterprise or the Party committee but now had to deal with unfamiliar bureaucrats of various state agencies.

Although the imposition of financial pressures and the transmutation of the welfare provisions of the *danwei* went a long way towards dissolving the solidity and collusion of workers and management in the SOEs, employment guarantees still remained a major roadblock to the transformation of SOEs into profit-orientated corporations. By the late 1990s, the redundancies caused by the policy of 'letting go of the small', and by the tentative restructuring of larger SOEs in various pilot areas, had already resulted in growing unrest. Yet, at the same time, the economic recovery of the early 1990s was beginning to run out of steam. This, combined with increasing foreign

competition, exacerbated the financial position of the state-owned industries weighed down by over-manning. If the continued bailing out of loss-making SOEs with state loans was not to reach a point of no return then full-scale restructuring could not be delayed for much longer.

As a consequence, at the 15th Party Congress in September 1997 it was announced that there would be a concerted drive to restructure and rationalise large-scale state-owned industries across the whole of China.<sup>13</sup> Thus, the 'iron rice bowl' of employment guarantees for China's 'labour aristocracy' was to be finally smashed. However, drawing on the lessons of the various pilot restructuring schemes, measures nation-wide were proposed to mitigate the impact of the restructuring on the tens of millions of workers that were going to lose their jobs. This principally took the form of what was has been dubbed the 'three guarantees'.

Firstly, workers in their 40s and 50s, who had been employed before the introduction of individual labour contracts, were to be offered early retirement with a pension commensurate with the status of their *danwei*.

Secondly, workers who were to lose their jobs, but had been employed before labour contracts were introduced in 1986, would not to have sever ties with their former *danwei*. These workers known as *xiagang* are instead on furlough from their old post. Officially their old enterprise does not need their services at that time but could re-employ them if they were needed and therefore these workers are not officially unemployed. Special re-employment centres were set up to provide transitional support for these workers and were to be funded partly by the SOE making the redundancies, partly by the local authorities overseeing the SOE in question and partly from the central government. These re-employment centres would take on the responsibility of paying unemployment benefits and in providing retraining for the *xiagang* for up to three years, as well as help these workers to find new employment. After the three years are over the re-employment centre can terminate their relationship with the worker, and with that the worker's relationship to their *danwei*.

Finally, municipal governments were to provide a basic safety net of unemployed benefits for all urban workers that had been made redundant. This was to ensure financial support for both those laid-off workers too young to qualify as *xiagang*, as well as those *xiagang* who were still unemployed after three years.

These 'three guarantees', together with the bankruptcy and labour laws passed in the mid-1990s which prescribed detailed procedures for laying-off workers, seemed to provide substantial protection for China's old working class caught up in the turmoil of the restructuring of large-scale industry. Indeed, the leadership of the CCP widely proclaimed these safeguards as evidence of their continuing commitment to socialism. However, it was one thing to make grand proclamations of policy, it was quite another to ensure they were properly funded and implemented.

The responsibility for implementing these 'three guarantees' was left to the initiative of factory managers and lower- and middle-ranking party-state officials, who often

<sup>13</sup> This programme of restructuring was given added urgency by the financial crisis that was sweeping across East Asia at the time, and which many feared would destabilise the Chinese economy.

had their own priorities for the limited amounts of funds at their disposal. For many factory managers, the prospect of major restructuring opened up the opportunity for large-scale investment in new plant and machinery necessary to consolidate their enterprise's competitiveness. Often already saddled with large debts, any extra money that was permitted to be borrowed from the state banks in order to meet the costs of restructuring could be seen as being wasted if it simply went to paying laid-off workers to do nothing. Likewise, local authorities eager to attract foreign capital to their areas by large-scale investment in infrastructure and joint ventures could also be tempted to divert money earmarked for funding the 'three guarantees'. In addition, the more unscrupulous factory managers and party-state officials were often in a position to divert the funding of the 'three guarantees' into their own pockets.

However, whether funds, which were often far from being sufficient in the first place, were diverted in order to further capital accumulation or directly to swell the personal fortunes of the expanding 'red bourgeoisie', it was at the cost of workers. As disputes arose between restructured SOEs and the various state agencies, payments to pensioners and *xiagang* were often seriously delayed, paid intermittently or were far less than was due. At the same time, municipal governments used whatever excuse they could find to disqualify laid-off workers from claiming the basic unemployment benefits.

As a result, the implementation of the 'three guarantees' fell far short of the promises that had been made by the CCP leadership. Millions of laid-off workers and pensioners were plunged into poverty and obliged to supplement whatever welfare benefits their families could extract by becoming street vendors or undertaking whatever casual employment they could find.

As we shall see, it was this contradiction between the promises made by the CCP leadership and their actual implementation by what are often regarded as corrupt Party officials and factory managers that was to form the matrix within which the struggles of China's old working class has developed.

### 3. Struggles of the Old Working Class

#### 3.1 The *danwei* and the restructuring

Although, as we shall see, the concerted drive announced at the 15<sup>th</sup> Party Congress to restructure China's old large-scale industry to some extent still remains incomplete, it must be said that it was to result in a major triumph for the leadership of the CCP. In less than five years an estimated 25 to 30 million jobs were axed, (i.e. more or less equivalent to the entire working population of the Untied Kingdom!). As a result, in this brief period, the last vestiges of the *danwei* system, which had once been viewed as one of the central pillars supporting the power of the CCP, was swept aside.

Yet despite millions being plunged into poverty in some of what had once been the most important cities in China, there was no mass movement of opposition that seriously challenged the rule of the regime. Indeed, it may be argued that the principle response by most of China's old 'labour

aristocracy' to the full-scale assault on their entrenched position was one of hopeless resignation.<sup>14</sup> Why was this?

Of course, a major factor that must not be forgotten is the authoritarian and repressive nature of the Chinese state. The Chinese regime has repeatedly proved both willing and able to use widespread executions and lengthy prison sentences of hard labour when its rule has been in anyway threatened. In the late 1990s the repression meted out to workers in the months following the crushing of the Tiananmen Square protests was no doubt still fresh in the memory of the Chinese working class.

Yet the fear of repression by itself is perhaps an insufficient explanation for the failure of a united workers' opposition to this concerted drive to restructure China's old large-scale industry, particularly given the sheer scale and rapidity of this frontal assault on the *danwei*. To provide a full explanation we may suggest a number of reasons that are rooted not only in the corrosive effects of nearly two decades of 'market style' reform but also in the very nature of the *danwei* itself.

Firstly, as we saw in section 1, the *danwei* was not produced out of a process of class struggle. They had been relatively privileged cross-class communities, which under Mao had united managers and workers with the party-state. As we have mentioned, the economic reforms gave the *danwei* a certain degree of autonomy from the party-state that allowed a space for the growth of workers' militancy. But as we also pointed out this militancy had to a large degree depended on the complicity of the factory managers. However, as the factory managers were transformed into 'red capitalists' with the corporatisation of the SOEs in the 1990s this complicity soon evaporated.

Yet the economic reforms did not only undermine the unity of management and workers but also undermined the integrity and cohesiveness of the *danwei* as a workplace-centred community. The rapid expansion of both small-scale industry in the 1980s, and the export-orientated sector in the 1990s, opened up the possibility for many to leave the old industries and seek work elsewhere. With permanent urban residency rights under the *hukou* system, those workers with transferable industrial skills had a distinct advantage over migrants in the emerging labour markets, which could lead to relatively well-paid jobs outside the *danwei*.

Furthermore, from the late 1980s onwards a number of employment practices in the *danwei* enterprises evolved that served to facilitate the transfer of workers to the new industries. Firstly, with the large excess capacity in many of the old industries there was often plenty of time for workers to moonlight in the new industries, with factory bosses frequently turning a blind eye. Secondly, there was the widespread practice known as 'one family: two systems' where some members of a family household retained the job security and benefits of working in the *danwei*, while others – often the younger members – took the advantage of the higher but less certain wages possible in the non-*danwei* sectors. Thirdly, there was the practice in which the worker's

<sup>14</sup> In her interviews with people in the rustbelt regions of northeast China, Ching Kwan Lee estimated that less than one person in twenty had taken part in any form of protests. For a discussion of the limited response of both workers and peasants to China's economic transformation see Marc Blecher, 'Hegemony and Workers' Politics in China', *The China Quarterly* 170, 2002.

job in a *danwei* enterprise was reserved while they tried out working in the new industries.

As a result, by the late 1990s, particularly in the SOEs in the SEZs, there had already been a large exodus of workers from the old large-scale industries leaving a shrunken and ageing workforce behind. The *danwei* was thereby left hollowed out and had become little more than a shadow of its former self. It is perhaps no surprise that in such areas the acceleration of restructuring led to many hastening to follow the well-trod paths into the new industries, abandoning what remained of the *danwei* to crumble with little opposition or resistance.

However, in the heartlands of the 'socialist construction' of the 1950s in northeast China, where the bulk of the large-scale industry was concentrated, there had been little development of new industries. In this rustbelt region there was little alternative to working in the old industries other than unemployment, casual employment or self-employment as street vendors. Why was there not any concerted opposition to the drive to restructure the old industries amongst the millions of workers in this region? To answer this we have to look more closely at the nature of the *danwei*.

As we saw in section 1, the *danwei* originated in the transplantation of the Chinese village community. As such they preserved the inward looking character of traditional peasant communities and with this the suspicion of outsiders that might compete for land, or as was the case for the *danwei*, privileged jobs. This inward looking nature of the *danwei*, combined with the strict hierarchy between *danwei*, can be seen to have inhibited any inter-*danwei* solidarity. In fact, what is remarkable, with a few notable exceptions, which we will consider in due course, is the absence of any struggles against restructuring that went beyond particular *danwei*.

As we shall see, the Chinese state was able to exploit this parochialism to contain opposition to restructuring to each *danwei*. As a consequence, the Chinese state was able to pick off each *danwei* one by one. By tentatively moving from the smaller and easier to the larger and harder *danwei* it had been possible to build up a momentum of reform that eventually appeared to be irresistible.

However, although it served to inhibit the development of a united movement against restructuring, the legacy of the *danwei* often facilitated collective opposition *within* each *danwei*. As life-long neighbours and work colleagues it was very easy for members of a particular *danwei* to mobilise, even long after their particular work place had been closed down or rationalised. Furthermore, in the face of potential repression from the authorities, the *danwei* community provided high levels of trust and solidarity necessary to initiate often prolonged struggles around issues arising from the restructuring that directly affected members, and former members, of particular *danwei*.

Thus, as we shall now see, although the full-frontal attack on the entrenched positions of the old 'labour aristocracy' did not lead to a unified movement of opposition, it did lead to numerous and widespread conflicts and protests linked to particular *danwei* that were ultimately to become a serious problem for China's ruling class.

### 3.2 A plethora of protests and the legacy of the *danwei*

The drive to restructure SOEs since the mid-1990s has certainly given rise to a plethora of protests. When the time

came around for an enterprise to be sold off, merged with other enterprises or just simply downsized and rationalised then there would be different implications for the various constituent groupings within the *danwei* affected. For the older workers, who were likely to be pensioned-off, there would be the uncertainty of how much their pension would be worth, and who was going to pay it? Likewise for the middle-aged workers who were likely to be laid-off and join the ranks of the *xiagang*, the question would arise over how much they would receive in redundancy payments from the re-employment centre; as well as how much the centre would contribute on their behalf to pension funds until they found work.

For those younger workers who were likely to be laid-off the issue was whether they would be able to claim any unemployment benefits at all. While for those who retained their jobs there would be the issues of whether they would have to transfer to new workplaces, and what their new terms and conditions would be in their new labour contracts.

However, although it may have had a different impact on each of the various constituent parts of the *danwei*, restructuring would usually confront everyone at the same time. If the factory managers and local party-state officials attempted to push restructuring through too fast, or failed to give sufficient reassurances to the workers concerned, then they could easily risk provoking a unified and often prolonged struggle against their proposals. Indeed, it seems that struggles and protests against restructuring became a fairly common occurrence at the end of the 1990s.

Yet conflicts have also arisen long after the process of restructuring has been completed. Promises and reassurances made at the time of restructuring, often to defuse workers' opposition, are not always kept. Enterprises, struggling to pay off the debts occurred through restructuring, often stop paying their workers for a time, or alternatively fail to keep up their contributions to pension funds or the re-employment centres. Disputes may arise over how the obligations to former workers are shared between the enterprise and the various state agencies that were involved in the original restructuring. As a result; workers might find that they are not being paid their wages; pensioners may not be paid their pensions; and laid-off workers may find their redundancy pay cut off. All of which may provoke protests from the various constituent parts of the former *danwei*, either separately or together according to circumstances.

Thus, alongside the struggles against the immediate restructuring of SOEs there has been a proliferation of protests by various constituent groups of the former *danwei*, which have arisen in the aftermath of previous waves of restructuring. Indeed, it may be argued that the various underhand ways used by factory managers to push through restructuring and defuse opposition has often only served to store up trouble for themselves later on.

### 3.3 Militant pensioners

Perhaps the most widely reported protests that arose during the period of restructuring have been those of the militant pensioners. The sight of groups of pensioners, ranging from a few dozen to several thousand, noisily demonstrating outside offices of the local Party or state agencies or else deliberately blocking traffic, was to become common place in many of China's major towns and cities during the late

1990s and early 2000s, particularly in the towns and cities of the northeastern provinces. Indeed, pensioners have frequently been by far the most vociferous and, as we shall also see, the most successful in demanding the implementation of the government's promises and social guarantees.

Why have the pensioners been so militant? Why have they proved to be so successful? And what implications has this had on the struggles of other groups of former *danwei* workers?

An important aspect of traditional Chinese culture, particularly amongst the peasantry, had been the veneration of the old. This traditional veneration of the old had been recognised by Mao and had been given its due importance within the socialist ideology of the CCP. Indeed, in persuading peasant families to come to the city it had been important to promise that the *danwei* would provide everyone with due respect and security in their old age. Hence, although *danwei* workers may have had to work long hours for wages that were little above subsistence, they always had the solace of knowing that they could expect that the *danwei* would provide them with an early and secure retirement.

For a generation of workers that had worked all their lives in the *danwei*, the prospect of now facing an uncertain old age was perhaps particularly galling. What is more this was the generation that had lived through and often participated in the political turmoil of the Cultural Revolution. The former Red Guards and rebel workers amongst this generation of workers have certainly not been slow in expressing their anger clearly on the streets.

Indeed, an important basis for the mobilisation of the pensioners has been a widely shared nostalgia for the Maoist era. After all, under Mao they, the industrial workers, had been exalted as the 'masters of society'. The corruption and haughtiness of factory and Party bosses had always been held in check by the frequent political mobilisations and campaigns that would allow the workers to get their own back on officials that had stepped out of line. Although militant pensioners usually conceded the inevitability of the economic reforms, they expressed a determination that, having worked and struggled to build 'socialism', they were not going to allow the socialist state to renege on its promise of looking after them in their dotage. What is more, they were certainly not going to allow themselves to be cheated of their rights by the corrupt Party cadres and factory bosses.

For the elderly leadership of the CCP, which is anxious to cling on to the last vestiges of 'socialism with Chinese characteristics', the arguments put forward by militant pensioners are difficult to dismiss. However, pensioners' protests also enjoy a wider popular sympathy, particularly amongst the urban working class. This is not merely due to the persistence of the traditional cultural values of venerating the old – such values would soon disappear if they were not materially reproduced – but because for many of the precariously employed urban working class, particularly in the rustbelt regions, pensions paid to parents or grandparents are now the only source of relatively secure and regular income for the family. The defence of pension rights therefore affects far more than pensioners and, as such, has become something of a bottom line for many in the urban working class, regardless of age.

As a result, in order to contain discontent, the party-state, at both central and local levels, has accepted a tacit agreement to treat pensioners as a special case. Pensioners' demonstrations and disruptions are usually treated with a certain degree of respect and leniency, while their grievances are more often than not dealt with promptly. Indeed, Ching Kwan Lee has estimated that as much as 90% of pensioners' protests result in significant concessions from the authorities.<sup>15</sup> The success of pensioners' protests has given rise to the expression 'squeezing the toothpaste' – that is the harder you squeeze the more you get out (i.e. the more people you can get out on the streets, and the more disruption you can cause, the greater the concessions you can expect).

Of course, the willingness of the authorities to concede to the demands of protesting pensioners has only served to encourage more such protests. However, it has also served to contain them. As Lee\*\*\* has pointed out, in order to preserve their special treatment pensioners have often distanced themselves from other protests by workers and the *xiagang*.

### 3.4 Keeping the lid on

Few, if any, of the protests that arose from the drive to restructure the SOEs seems to have sought to challenge the inevitability of economic reform, let alone going so far as to question the continued rule of the CCP. Instead, for the most part, the concerns expressed by these protests have centred on what was seen as the corrupt implementation of reforms by local Party officials and factory bosses, and consequently the failure to honour the social guarantees proclaimed by the central government. As such the protesters have remained within the official Party line that any problems arising out of restructuring of the SOEs were merely due their corrupt implementation.

In keeping with this most protests pivoted around the formally authorised process of passing resolutions at works assemblies and petitioning successively higher ranks of the party-state. However, in presenting their petitions and documentations of malpractice and corruption of local officials and factory managers, the protesters have usually sought to make themselves heard through large demonstrations and direct action. Major roads and railways have often been blocked for days on end, Party and state offices have been invaded, and, in order to prevent the removal of plant and machinery, factories have been occupied. In response the police have usually harassed, arrested and detained whoever they saw as the ringleaders.

If the protest can be sustained long enough, and cause sufficient disruption, then high ranking Party bosses will sooner or later feel obliged to step-in in order to resolve the matter before it gets out of hand. So long as the protesters have confined their actions to the pursuit of what the higher authorities recognise as their legitimate grievances, then the intervention of the Party boss will more often than not lead to the reprimand of the local party-state officials and factory managers and limited concessions to the demands of the protesters.

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<sup>15</sup> See Ching Kwan Lee, *Against the Law: Labor Protests in China's Rustbelt and Sunbelt*, University of California Press, London, 2007.

Of course, from the point of view of China's ruling class the frequent intervention of high-ranking officials in response to the protest and direct action in favour of the workers has had the disadvantage of encouraging even more protests and disruptions. Even official figures put the number of 'labour disputes' in the state-owned sector at over 75,000.<sup>16</sup>

However, such interventions have served to sustain the notion, against it must be said rising cynicism amongst the working class, of the essential benevolent paternalism of the leadership of the CCP and has helped focus much of the anger over the impact of restructuring against local party-state officials and factory managers. Furthermore, timely concessions have provided an incentive for protesting workers and former workers to go through the approved official channels. After all, if the protesters confine themselves to 'legitimate' issues connected with their membership of their former *danwei*, then they have been able to take quite disruptive action knowing that the local police and authorities will be wary of being too harsh in their response, for fear of the possible reprimands they may face if higher officials become involved in the dispute. On the other hand, if the workers go beyond the limits of their *danwei* and take 'politically subversive actions' such as organising with workers connected with other *danwei* then they expect the full weight of state repression to come down on them.

Thus the legacy of the *danwei* combined with timely interventions on the part of the higher party-state officials served to contain the growing pressure caused by the drive to restructure SOEs launched in 1997. However, the limits of such containment were to be reached with the widely reported mass protests that broke out in Liaoyang, Daqing and Fashun during the spring of 2002.

**Liaoyang** Liaoyang is a large industrial town in the northeastern province of Liaoning. Like most industrial towns in China's rustbelt, Liaoyang had been hard-hit by the restructuring programme. By 2001, out of the town's 1.8 million residents, only 216,892 were still officially in work. Whereas the vast majority of the working population had once been employed in the various state-owned factories, it was now estimated that 80% of the town's workforce was dependent on low-paid casual work.

At the centre of what was to become the mass protests of spring 2002 was a long running dispute at Liaoyang Ferro-Alloy Factory.<sup>17</sup> This metalworking firm had originally employed over 12,000 workers, however, by 2002 the workforce had been more than halved through a series of lay-offs over the previous four years. Much of the misfortunes of the factory was to be later shown in court to be due to large-scale embezzlement and fraud - amounting to

more than Rmb 8 million - perpetuated by the firm's management in collusion with the Liaoyang Party secretary and future mayor of Liaoyang - Gong Shangwu.

This series of lay-offs, exacerbated by suspicions of serious corruption, had led to growing frictions between the workers and management. The workers had followed the usual route of petitioning the authorities and by holding a number of demonstrations and protests, including the blocking of the main highway between Liaoyang and Shenyang, but to little avail. Matters began to come to a head when in May 2001 proposals were put forward to declare the firm bankrupt. As a result of management illegally removing plant and machinery from the factory in the middle of the



night before bankruptcy proceedings had been properly completed, several thousand workers, *xiagang* and pensioners held a demonstration outside the factory gates. This had led to violent clashes with the police. Over the next few months the local authorities deployed heavy policing methods to intimidate workers and restrict the protests against the bankruptcy proceedings.

However, the decisive turning point, to what had up until then been a rather unexceptional dispute, came on the 3<sup>rd</sup> March 2002. On that day the police detained three workers' representatives who had been due to attend a meeting to ratify the bankruptcy proceedings. In response to this provocative act by the authorities, the 'Unemployed Workers of the Bankrupt Ferro-Alloy Plant' took the decisive decision to call on all the workers and unemployed of Liaoyang to join them in protesting against the police's action and began distributing posters and leaflets across the town. Over the next few days a joint organising committee emerged, which included representatives from several former *danwei* from across Liaoyang.

On the eve of the demonstration called by the 'Unemployed Workers of the Bankrupt Ferro-Alloy Plant' the situation was further inflamed when it was reported on television that Gong Shangwu had claimed at the National People's Congress, which was at the time in session in Beijing, that 'there were no unemployed in Liaoyang'! The following day '15,000 workers from piston, instruments, leather and precision tool factories' of Liaoyang joined the workers, *xiagang* and pensioners of Ferro-Alloy Factory in a demonstration which now included the demand for the removal from office of Gong Shangwu.

<sup>16</sup> There were 327,152 reported labour disputes in China in 2000, 24% of which were in SOEs. See Tim Pringle, 'Industrial Unrest in China - A Labour Movement in the Making?', *China Labour Bulletin*, January 31<sup>st</sup> 2002.

<sup>17</sup> For a far more detailed history and account of this dispute and that of Daqing and Fashun see 'Paying the Price: Workers' Unrest in North East China', *Human Rights Watch*, August 2002, Vol. 14, No.6. Also see Trini Leung, 'The Third Wave of the Chinese Labour Movement in the Post-Mao Era', *China Labour Bulletin*, June 2<sup>nd</sup> 2002. Also see Erik Echholm, 'Leaner Factories, Fewer Workers Bring More Labour Unrest', *New York Times*, March 18<sup>th</sup> 2002.

In the face of this rapidly developing situation, which was threatening to get out of control, the local authorities sought to buy time by entering into negotiations with representatives from Ferro-Alloy Factory. But on March 17<sup>th</sup> one of the leading figures in the protests, Yao Fuxin, was seized by the police. The next day between 30,000 and 80,000 people came out on the streets to march behind a huge portrait of Mao to demand the release of Yao Fuxin.

The response of the authorities was to launch a major clampdown. On March 20<sup>th</sup> detachments of the 'Peoples' Armed Police' (PAP) (i.e. riot police) were sent in to Liaoyang and set up check points on all the major roads. Further demonstrations were attacked by the police and those identified as ringleaders were arrested. Although protests continued for another two months, the authorities' swift repression had served to break the momentum of the movement.

The authorities were clearly anxious to stamp out the Liaoyang movement before it set a dangerous precedent for similar towns and cities elsewhere in China's rustbelt. As the Human Rights Watch report puts out in its comments on the trial of Yao and other leaders of the movement, 'the state controlled *Liaoyang Daily* described the "putting up of posters in public places and making links [co-operation among workers from different factories]" to be evidence of criminal activity'.<sup>18</sup> This perhaps makes explicit the real fears of the authorities.

**Daqing** Daqing is a town in the province of Heilongjiang, close to the Russian border, with a population of around 2 million. Following the discovery of oil in 1958, Daqing became a major centre for China's oil industry. By the 1970s, oil wells around Daqing were producing 50 million cubic metres of oil a year. The town was prosperous with wages reported to be twice the national average.

Under the pressure of cheap imported oil, and with increased competition from cheap foreign imports, China's oil industry had become a prime target for restructuring by the late 1990s. The Daqing oil fields were taken over by a new state company, PetroChina, which issued shares on the New York and Hong Kong stock markets in April 2000. Under pressure to make a profit quickly to meet the demands of its new shareholders, PetroChina had launched an aggressive programme of lay-offs. By 2002 it has been estimated that more than 80,000 workers had been laid-off. However, this still left PetroChina with considerable ongoing commitments to its former workers. So, the company offered its *xiagang* workers what was presented as a generous severance deal. With a single payment of up to Rmb 100,000 (U.S.\$12,000) in some cases, the company proposed to buy off its obligations with each *xiagang* worker once and for all.

However, having accepted the deal, it soon became clear to the laid-off workers that they had been seriously misled. As the company began to renege on many of its assurances that it had originally made, and it became clear that they would have to make their own pension fund and health insurance contributions, unrest amongst many of the *xiagang* began to grow. The last straw came with the announcement that the company was to withdraw heating allowances, which had traditionally been paid to former workers.

In response the *xiagang* formed an independent organisation known as the Daqing Petroleum Administration Bureau Retrenched Workers' Provisional Union Committee, and on March 1<sup>st</sup> 2002 held a demonstration of 3000 outside the company's Daqing headquarters. Within four days they were able to mobilise more than 50,000 to block trains heading for Russia. Further demonstrations followed, culminating in the occupation of the Daqing Oil Management Bureau at the end of March. The publicity caused by the success and sheer scale of the actions taken by Daqing workers led to solidarity strikes and demonstrations breaking out amongst oil workers across China.



As with the developments that were then occurring in Liaoyang, it was clear to the authorities that the situation was getting out of control. As in Liaoyang, the Daqing authorities responded with a wave of repression. First of all it was announced that anyone still employed who either themselves or had relatives participating in the protests were liable to be sacked. Detachments of the PAP were then sent in to establish roadblocks around the occupied offices of Daqing Oil Management Bureau to prevent demonstrations in support of the occupation. Finally the authorities gave the occupiers a deadline to end the occupation. This brought the occupation, which had lasted several weeks but which was now largely cut off from support, to an end.

As late as May, the Daqing Petroleum Administration Bureau Retrenched Workers' Provisional Union Committee was able to mobilise an estimated 20,000 to demand the release of those arrested at the end of the occupation. But, as in Liaoyang the determined hard line taken by the authorities had been sufficient to take the momentum out of the protest movement. As in Liaoyang, many of those identified as ringleaders were subsequently prosecuted and given lengthy prison sentences.

**Fashun** Fashun is a town in the Liaoning province of northeast China with a population of over two million. Fashun has a long history of coal mining dating back to the twelfth century. With the programme of rapid industrialisation launched in the 1950s, Fashun emerged as one of China's most important centres for both coal production and other associated heavy industries.

<sup>18</sup> 'Paying the Price: Workers' Unrest in North East China', *Human Rights Watch*, August 2002, Vol. 14, No.6, p.25.



However, by the 1990s, with many mines already well past their peak, the state owned mining companies in Fashun found themselves in severe economic difficulties. As early as 1994 there had been proposals to lay-off 20,000 miners, but through industrial action and large-scale protests the companies had been forced to back off. In 1999, however, the Longfeng State Mine was permitted to declare bankruptcy, leading to the loss of 100,000 jobs. The next year 24,000 miners were laid-off at the Tiger Platform mine. These lay-offs, combined with the restructuring in other industries, meant that by 2001 there were more than 300,000 xiagang in Fashun.

Ever since 1998 there had been protests by retired miners over the non-payment of pensions, which had often involved the blocking of railway lines. However, in March 2001 the situation took a decisive turn. As a result of various disputes over severance payments, as many as 10,000 laid-off workers from coalmines, cement and steel works, and petrochemical factories began regular blockades of the main railways and roads into Fashun.

As in Liaoyang and Daqing, the authorities called in the PAP to break up this united action of Fashun's xiagang. Despite the concerted attempt by the authorities to prevent the blockades, they continued for several weeks until they eventually petered out.

### 3.5 The aftermath of the spring of 2002

The severe repression of the protests in Liaoyang, Daqing and Fashun, made it quite clear to China's working class the consequences of stepping beyond the limits of 'legitimate protest'. Any attempt to go beyond the framework of their former danwei and link up with other workers would be swiftly and ruthlessly crushed. Yet, at the same time, the wave of struggles in the spring of 2002 was certainly a shock for the Chinese ruling class. The Chinese state could no longer be confident that it could contain the social unrest arising from the continued programme of restructuring China's old industries.

As we have mentioned, the restructuring process had tended to move from smaller SOEs, where resistance was likely to be weaker, to the larger SOEs, where the opposition of a larger numbers of workers could be more difficult to contain.<sup>19</sup> In this way the leadership of the CCP had sought to create an irresistible momentum for the programme of restructuring. However, in those industrial sectors where the economic pressure for reform was particularly great, such as the coal and oil industries, managers of large-scale SOEs, as we have seen was the case in Daqing and Fushan, were able to jump the gun.

Already in 2001, concerns amongst the leadership of the CCP of the consequences for social stability of allowing the programme of restructuring of the larger SOEs to proceed too rapidly had led to the proclamation requiring all proposals for the reform of companies with a turnover greater than fifty million yuan to be approved by the Supreme Court.<sup>20</sup> The impact of the protests in Daqing and Fushan must have certainly underlined such concerns.

Furthermore, as Liaoyang had shown, as more and more workers laid-off from different small- or medium-sized enterprises found themselves experiencing the same problems, the potential of such workers and pensioners linking up across the boundaries of their former *danwei* was increasing.

As a result, a change of tack was announced at the 16th Party Congress held at the end of 2002. Under the new leadership of Hu Jintao social peace was to be given a greater priority. Much to the chagrin of Western neo-liberal commentators, the programme of restructuring SOEs was slowed down and more central government funds were found to help meet the 'three guarantees'. As China's economy has taken off in the last few years the government has been able to afford to buy off potential dissent by maintaining the over-manning of some of the very large SOEs.

However, the problems of maintaining social peace facing China's ruling class have not been merely confined to those arising from the restructuring of SOEs. Hu Jintao's emphasis on social peace was also prompted by social unrest in the countryside: a source of social conflict that has proved far more difficult to defuse than that of China's old working class, as we shall now see.

## 4. Peasants Struggles

### 4.1 The failure of 'market reforms' and the plight of the peasantry

Following the great famine of the early 1960s, the re-organisation of the Chinese countryside into communes had led to a steady increase in both total agricultural output and the amount procured for the urban areas by the state. Although the Commune system had not transformed China's agriculture, it had led to gradual improvements in transportation of agricultural products, more efficient water conservation and irrigation systems, and the spread of mechanisation – all of which had served to improve agricultural productivity.

However, by the mid-1970s the state's procurement of grain had begun to slow down and stagnate. Indeed, as we have previously mentioned, it was in part the fear, in the face of an increasingly recalcitrant peasantry, that the state would no longer be able to feed the growing population of the cities that helped Deng Xiaoping persuade the leadership of the CCP to introduce market reforms into the countryside in 1978.

Yet, although the introduction of market incentives did succeed in producing a sharp increase in agricultural production in the short term, it failed to provide a long-term solution to the problem of the backwardness and low productivity of Chinese agriculture. Indeed, in many respects it was a step backwards. The break up of the communes and the introduction of the household responsibility system meant that most peasant households ended up with plots of land that were far too small to allow for the efficient use of mechanisation or the application of modern farming techniques. It also meant that basic infrastructure, which had indirectly enhanced the productivity and output of agriculture – such as roads and irrigation systems – whose upkeep had been the responsibility of the Commune, fell into disrepair. Thus although market incentives proved more effective than the old methods of exhortation and coercion in

<sup>19</sup> See Yongshun Cai, 'The Resistance of Chinese Laid-off Workers in the Reform Period', *The China Quarterly*, No. 170, 2002.

<sup>20</sup> Yongshun Cai, 'Resistance', p.343.

making peasants work harder, they failed to bring about a widespread modernisation of Chinese agriculture.

As a result, by the mid-1980s the spurt in agricultural output that had been brought about by the reforms had begun to peter out, leading to serious food shortages. These food shortages contributed to the economic and political crisis of the late 1980s that, as we have seen, were to lead to the events of Tiananmen Square in the spring of 1989, and were eventually to oblige the state to temporarily reintroduce grain requisitioning. The problem of food shortages, caused by the continued backwardness of Chinese agriculture, persisted well into the 1990s, and was only resolved when the rising export of manufactured products was able to provide the foreign exchange necessary to buy food from abroad.

It may be true that many peasants, who have had the advantages of both being in close proximity to booming urban markets and having favourable connections with local party-state officials, have been able to transform themselves into modernising capitalist farmers in the last thirty years. However, this has not been the case for the vast majority of China's agricultural producers whose production techniques have made little or no progress in the last three decades. Indeed, in many respects the situation for the majority of peasants was to become worse following the introduction of market reforms. First of all, with the break up of the communes access to free health care and education was lost. Then, following the widespread bankruptcies due to the economic retrenchment in the early 1990s, tens of millions were made redundant in the countryside, depriving many peasant households of an important supplement to their incomes earned through farming. Finally, China's entry into the WTO has led to substantial cuts to tariffs on agricultural imports, thereby increasing foreign competition and reducing the prices Chinese peasants can expect to obtain on what they sell on the market.

Thus, although a few million may have become rich capitalist farmers, hundreds of millions have remained impoverished peasants. Indeed, apart from the remittances that they may receive from family members who have migrated to the cities, for the vast majority of China's rural population the rapid expansion of the past three decades has largely passed them by. This has been particularly the case for peasants in the remote regions of China's interior.

## 4.2 Peasant insurrection and secessionism

There has been a long tradition in China, particularly during periods in which the imperial power has been on the wane, of peasant-based armed rebellions that, in defiance of the central authorities, have set up self-governing areas in the remote and less accessible regions. Perhaps the most documented of such rebellions being the Taiping rebellion of 1850–1864. Indeed, it was in accordance with such traditions that Mao had established the 'red bases' from which he fought the Nationalists and the Japanese occupying forces during the 1930s and 1940s, and from which he launched the final assault on the cities to take power in 1949.

During the 1950s, and greatly accelerated by the programme of 'Soviet-style' rapid industrialisation, the centre of gravity of the CCP shifted towards the cities. Indeed, the political mobilisations of the peasantry and the Party, and the subsequent establishment of rural communes, through the GLF can be seen as a means by which Mao had sought to both counter the urbanisation and bureaucratisation

of the Party and re-invigorate its roots in the peasantry. Yet, although the communes had served to strengthen the Party's hold over the peasants, through the close supervision of agricultural production, Mao could not sustain the enthusiastic support amongst the peasants for the Party forever – particularly after the disastrous famines that had followed the GLF.

As the peasants continued to be squeezed by low prices and high taxes to provide the surplus necessary for industrialisation and were subjected to forced labour to build roads and irrigation works by the Commune authorities, memories of the Party as liberators from the plundering of warlords and Japanese soldiers had begun to fade by the 1970s. The Party was now seen by the peasant as being represented by the tax collector or the overseer, rather than as the fellow peasant PLA soldier fighting the oppressors. The introduction of market reforms can therefore be seen as a retreat of the CCP from the countryside as the party-state took a more arms length relation to the peasantry. This loosening of control over the countryside was particularly marked in the more remote and inaccessible areas of China's vast interior.

Following the agricultural reforms and the abolition of the communes, local authorities had become increasingly dependent on the revenues they could now retain from the profits of the TVEs, as government grants were cut back. In the poorer regions of China's interior local authorities had tended to lose more in government grants than they could gain from the revenues they could obtain from their TVEs. As a result they began to levy arbitrary fees and taxes on the peasantry to make up the short fall. As a result, there emerged growing frictions between local Party cadre and state officials and peasants. This was to become worse with the economic retrenchment at the end of the 1980s.

By the early 1990s, in some of the more remote districts, peasant insurrections began to break out in which party-state officials were driven out and autonomous areas established. In 1997 these insurrections began to reach a large-scale with armed uprisings breaking out in less remote areas in the central provinces of Anhui, Henan, Hubei and Jiangxi, each of which involved tens of thousands of participants.

Many of these insurrections were inspired by religious ideologies based on the resurgence of old folk religions. However, most seem to have been inspired by a neo-Maoism, taking on such names as the 'Anti-Corruption Army of the People, Workers and Peasants', and adopting the forms of organisation of the old PLA and the CCP of Mao's time. In June 1999 the 'Southwestern Yangzi Column' organised a series of rallies in thirteen townships in the Chongqing region that denounced the CCP as 'being corrupt and unfit to rule'.<sup>21</sup> For these insurgents, the CCP was seen as having been taken over by capitalist roaders and as such had betrayed the peasant-based socialism of Mao. They could see themselves as building a new Communist Party on the basis of a new PLA.

By the end of 1990s these peasant movements had reached a scale that if left unchecked could have seriously challenged the authority of the CCP. As a consequence, the Chinese government was obliged to take action. First of all, the army was sent in to these autonomous areas to restore

<sup>21</sup> Kathy Le Mons Walker, "Gangster Capitalism" and Peasant Protest', *Journal of Peasant Studies*, Vol. 33, No.1, 2006, p.13.

central government authority and crush the insurgency. Then the government announced a series of measures to defuse the situation. A series of anti-corruption campaigns were launched, which have seen even quite high-ranking officials prosecuted. Elections were introduced for the appointment of village officials and the government clamped down on the levying of arbitrary taxation by local authorities. Further steps were then taken to placate the peasantry following the appointment of Hu Jintao as president. In 2004 it was announced that agricultural taxes were to be phased out over two years. Reviving the Maoist policy of opening up the 'western frontier', extra state investment has been made in furthering economic development in the remote regions. In 2005, proposals were put forward to provide a basic social security system for China's rural population. 'Five Guarantees' are to be granted the old, unemployed, the disabled and young that will ensure they have regular supply of food and clothing together with a minimal standard of housing, medical care and a decent burial.

As a result, the wave of peasant insurrections in the more remote regions has subsided in the last few years, although there are still no-go areas for the central authorities in some of the more inaccessible districts. The state has therefore been able to defuse peasant insurrections by spreading out some of the benefits of the rapid accumulation of industrial capital to the entire rural population. However, for many peasants in the more populated eastern and southern regions of China, the rapid industrialisation and urbanisation over the last decade has been more of a curse. Indeed, since the 1990s there has been growing peasant protests over the expropriation of land and the degradation of the environment.

### 4.3 Capital accumulation and the land grab

The rapid accumulation of capital in the last ten or so years has led to an increasing demand for land. As small towns and villages have been transformed into vast cities, which then demand water, power and roads, vast tracts of land have been built upon. Much of this land has been arable. Indeed, in the last few years there has been growing concern on the part of China's economic planners about the rapid loss of agricultural land to construction projects. It has been estimated that between 2000 and 2005 over 6 million out of China's 128 million hectares of farmland was lost to the process of urbanisation and industrialisation.<sup>22</sup>

This ravenous demand for land has meant that there is huge potential for 'development gain' as land used for construction is worth many times more than it is for use as farmland. However, the peasants do not own their land. All land is still ultimately owned by the state. The peasants lease the land directly from the village or township authorities. However, high state authorities have the right to appropriate any land in the 'public interest'. Thus peasants have had no legal claim on the vast windfalls that have arisen with the rapid industrialisation and urbanisation of the past decade or so.

In the case of large high profile projects run directly by central state ministries, such as the Three Gorges dam, which displaced over one million people from their homes, their

has been relatively generous compensation, combined with concerted efforts to prevent corruption.<sup>23</sup> However, in most cases collusion between corrupt village and county party-state officials has meant that peasants have been left with derisory compensation for the loss of their land. As a result peasants have ended up being given a pittance in compensation and then find themselves shoved into hastily built dormitories. Meanwhile corrupt officials have been able to make vast fortunes.<sup>24</sup>

Yet China's peasants have not only been excluded from the gains of the rapid accumulation of capital, they have also often suffered from the environmental impact that has come in its wake.

### 4.4 The environmental impact of capital accumulation

As climate change has become a mainstream issue it has become well known that, with its rapid industrialisation, China is on course to overtake the USA as the world's largest emitter of greenhouse gases in the near future - if it has not already done so. More than 70% of China's electricity is generated by burning coal. Indeed, according to the *New York Times* "every week to 10 days, another coal-fired power plant opens somewhere in China that is big enough to serve all the households in Dallas or San Diego".<sup>25</sup> However, although this increase in greenhouse gas emissions is likely to have a serious long term impact on the world's climate, China's rapid industrialisation is having a far more immediate environmental impact for many Chinese people.

With an overriding drive to accumulate capital, China's red capitalists have given scant regard to the environment. Local party-state officials regularly turn a blind eye to the breach of even the minimal environmental regulations set by the CCP leadership. As a result, many of China's industries pump out vast amounts of highly toxic pollutants with little restraint.

China is now reputed to be home to sixteen of the top twenty most polluted cities in the world. Pollution has reached such a scale that it is causing serious health concerns on the part of the Chinese Ministry of Health. According to joint research by the World Bank and the Chinese Government, there are an estimated 750,000 premature deaths due to respiratory diseases caused by air pollution. However, what is far worse is water contamination. With many of China's rivers turned into open sewers and conduits for industrial effluent, an estimated 700 million people drink contaminated water, with 190 million people suffering

<sup>23</sup> The Chinese government allocated the equivalent of \$4,000 for each person that required relocation, half of which was to be paid directly in cash, the other on new housing and amenities. By 2001 140 officials were prosecuted for corruption - one of whom was executed and two given life sentences - as the Party took a hard-line to head off protests that money was being misappropriated. See 'Relocation for Giant Dam Inflames Chinese Peasants', *National Geographic News*, May 15<sup>th</sup> 2001.

<sup>24</sup> For example, a case study of a township in northeast Yunnan in 1999 revealed that peasants were paid 3000 yuan per mu as compensation. The land was subsequently sold for 150,000 yuan per mu. (a mu is about a sixth of an acre). See Xiaolin Guo, 'Land Expropriation and Rural Conflicts in China', *The China Quarterly* 166, 2001.

<sup>25</sup> *New York Times*, June 11<sup>th</sup> 2006.

<sup>22</sup> See 'Food Security Fears as China's Farmland Shrinks', *Asia Times, China Business*, May 7<sup>th</sup> 2007.

illness as a result. It is said that 'all along China's major rivers, villages report skyrocketing rates of diarrhoeal diseases, cancer, tumours, leukaemia, and stunted growth'.<sup>26</sup>

As a consequence, pollution is fast becoming a major issue in China. Officially registered complaints are rising by 30% a year, and in 2005 there were more than 50,000 recorded pollution-related protests. Perhaps one of the most well reported of such protests came this May (2007) in the city of Xiamen. After months of mounting protests over the proposed construction of a petro-chemical plant students and faculty at the city university are reputed to have sent out a million text messages calling on their fellow residents to protest. Despite threats from the university authorities to expel students and sack faculty taking part, this call led to a march of between 7,000 - 20,000 people.<sup>27</sup>

Yet while such peaceful and predominantly middle class protests have been given particular prominence in the West - giving rise to hopes of a beginning of a Western-style environmental movement in China - the bulk of the protests against pollution have been by peasants. This is perhaps hardly surprising since it is the peasants that have borne the brunt of the environmental impact of pollution and environmental degradation.

If nothing else the Gobi desert is expanding by 1,900 square miles every year. This desertification, together with the resulting devastating sand storms which frequently sweep across northern China, forces millions of peasants to abandon their homes every year. Yet while such desertification may appear to be attributable to natural forces, the same cannot be said of industrial pollution. Industrial pollution not only causes illness, it contaminates land and spoils crops. It is estimated that as much as 10% of China's agricultural land is polluted. In addition China's peasants have to compete with growing industrial demands for water. Even when they obtain water to irrigate their crops it is often contaminated.<sup>28</sup>

Unlike their middle class counterparts, peasant protesters usually lack the virtual connections with the world. As a consequence, peasant protests have to be particularly large or violent to break through the usual censorship imposed by the Chinese authorities. A recent example of protests that have reached such a scale were those in the Zhejiang province in the Spring and Summer of 2005.

In Huashui village, near the city of Dongyang, there had been nearly two years of protests following the construction of an industrial park which included thirteen major chemical factories. Villages had complained that the local river had become seriously polluted, their land had been seriously contaminated - leading to the withering of their crops - and that there had been an alarming increase in birth defects. Having petitioned the local, provincial and even national authorities with little effect, a small number of old age pensioners began a blockade of the service road into the industrial park. After two weeks this blockade had attracted huge support from local people from the surrounding

villages. On April 10<sup>th</sup> thousands of riot police were sent in to break up the blockade and were met by tens of thousands of protesters. The result was a serious riot. Buses and police cars were overturned, windows smashed and there were reports - subsequently denied by the authorities - of hundreds being injured (or even killed in some reports) on both sides. Afterwards the authorities sought to blame outside agitators for the riot and in July the factories were closed down.<sup>29</sup>

Following the success of the protesters at Huashui, villagers from Meishan, also in the province of Zhejiang, began a blockade of Tian Neng Battery Factory over concerns that the factory was causing lead poisoning, particularly amongst local children. By the beginning of August the blockade had attracted the support of around ten thousand people and had succeeded in closing the factory for a week. Again the riot police were sent in, causing another riot in which the police were stoned and cop cars were overturned. After the riot, it was reported that attempts were made to burn down the factory. A few days later the authorities backed down and announced that a serious investigation would be made into the allegations made against the factory.<sup>30</sup>

#### 4.5 The nature of peasant protests

The protests against pollution in Zhejiang in the spring and summer of 2005 are perhaps rather exceptional. Indeed, although there are tens of thousands of peasant protests over land expropriations and environmental issues each year, it must be said that - even more so than their urban counterparts of the old *danwei* - the predominant attitude of the Chinese peasants is one of stoical resignation. As Xiaolin Guo has pointed out in his study of the expropriation of land from the peasants in Yunnan:

Lacking alternative means of living other than farming, villagers were totally at the mercy of the village cadres who controlled the vital resources that the households depended on for livelihood, and therefore could not afford to challenge them.<sup>31</sup>

Furthermore, to the extent that peasant communities are little more than agglomerations of individual households, then village solidarity can easily crumble in the face of both inducements and intimidation of by the local Party cadres.

When peasants do act together to resist land expropriations or fight against industrial pollution then, also like their urban counterparts, they usually follow the procedure of petitioning successively higher levels of the party-state. The notion of the paternal benevolence of the leadership of the CCP remains firmly entrenched amongst most peasants, and the problem is normally seen as being the corruption and greed of local officials. As a result the vast

<sup>26</sup> Figures and quote from Elizabeth C. Economy, 'The Great Leap Backward?: The Costs of China's Environmental Crisis', *Foreign Affairs*, September/October 2007.

<sup>27</sup> Economy, 'The Great Leap Backward?', *Foreign Affairs*, September/October 2007.

<sup>28</sup> Elizabeth C. Economy, 'The Great Leap Backward?'

<sup>29</sup> For reports see: 'Large Scale Riot Erupts in Huashi Town, Zhejiang Province', *The Epoch Times*, April 15<sup>th</sup> 2005, <http://en.epochtimes.com/news/5-4-1/27880.html>; Jim Yardley, 'Thousands of Chinese Villagers Protest Factory Pollution', *The New York Times*, April 13<sup>th</sup> 2005; and Economy, 'The Great Leap Backward?', *Foreign Affairs*, September/October 2007.

<sup>30</sup> See: Zhang Jianming and Shao Xiaoyi, 'Farmers Protest over Alleged Lead Poisoning', *China Daily*, 25<sup>th</sup> August, 2005.

<sup>31</sup> 'Land Expropriation and Rural Conflicts in China', *The China Quarterly* 166, 2001.

majority of peasant protests remain small and confined to the legitimate avenues of protest.

However, because peasant villages are more remote from the centres of power, the prospect of high level Party bosses intervening in disputes are usually far less than with the protests by workers of the former *danwei*. Indeed, local Party cadre often employ hired thugs to intimidate larger peasant protests in order to avoid drawing the attention of higher authorities to the problem by calling for extra police. As a result when peasant protests do take off they tend to escalate much further and faster than those in the cities. As the examples from Zhejiang province show, once protests break out of the confines of the individual village communities they can often soon grow to include tens of thousands involved in pitched battles with either the police or hired thugs.

In some very exceptional cases, the situation has escalated so far that paramilitary forces called in to quell the protests have opened fire on demonstrators. Perhaps the most widely reported of such cases was the protests by peasants being removed from their land in order to build a dam at Hanyuan in Sichuan Province. In November 2004 it was reported a sit-in protest by ten of thousands of demonstrators attempting to prevent the construction of the dam was broken up by riot police and paramilitary forces who opened fire killing a large number of people. More recently, in December 2005, a demonstration over the expropriation of land to build factories in Panlong, in the province of Guangdong, developed into a full-scale riot. Armed police were sent in bearing automatic weapons and electric stun batons to put down the riot. It was reported that this resulted in up to sixty people being wounded, and a thirteen-year old girl being killed.<sup>32</sup>

#### 4.6 From peasants to migrant workers

Under both Mao and the first wave of reforms, capital accumulation had been to a large extent dependent on the exploitation of the peasants. However, the extraction of surplus labour from the peasants has become less important with China's integration into the world economy. Indeed, in the face of peasant unrest the state has been prepared to a limited extent to ease the conditions of the rural population. Hence, as we have seen, the main adverse impact on peasants in the current phase of capital accumulation has been the expropriation of land with minimal compensation and environmental degradation.

Yet, although the current accumulation of capital may be less dependent on the exploitation of peasants as peasants, it is dependent on the extraction of surplus labour from peasants as migrant workers. It is to this transformation of peasants into a newly emerging working class that we shall now consider.

### 5. The new emergent working class

#### 5.1 Capital accumulation and the formation of the new working class

As we have previously mentioned, the economic and financial retrenchment that came at the end of the 1980s

boom had a major impact on the TVEs. It has been estimated that more than twenty million rural workers lost their jobs across China. For many peasants, work in the TVEs had provided a vital supplement to their meagre incomes derived from farming. Now, not only made redundant from the rural factories, but facing a squeeze on their farm incomes with rising costs of farming inputs, these peasants were often desperate to find work. As a result, these redundant workers provided a ready pool of cheap, already factory-trained and compliant labour-power that was to become necessary for the rapid growth of the export-orientated sector financed by foreign direct investment.

With the rapid accumulation of industrial capital that has occurred over the last fifteen years vast numbers of peasants from across China have flocked to cities to work in the new industries and construction sites as migrant workers. Some estimate that the migrant workforce has now grown to well over 100 million. It is on the basis of what only can be described as the super-exploitation of this vast cheap and compliant labour force that the enormous transformation of China over the last decade or so has been achieved.

Yet the process of proletarianisation of these peasant migrant workers, brought about by the rapid accumulation of capital in the new export-orientated sectors, has only gone so far. Under the *hukou* the legal status of migrants is still that of peasants. As such, migrant workers have no permanent right of residency in urban areas and are excluded from various entitlements urban residents enjoy. However, as peasants, they do have a lifelong right to claim land for their use in the village where they are registered in accordance with the needs of themselves and any dependents.

Most migrant workers, a large proportion of which are young women, expect to return home to their village once they have saved up enough money to marry and have children, or to look after elderly relatives. For migrant workers from poorer areas of the countryside, a large part of the wages they earn over and above the bare living costs in the city are sent back to relatives in the countryside to supplement their incomes earned from farming. Such remittances are essential just to make ends meet. For migrants from richer areas, where farming is more or less sufficient to provide a basic living income, wages are saved up for social advancement within the village community. The money is saved to pay school fees for their children or to else to build the big status symbol of the Chinese village – a brick house.

As a consequence, migrant workers remain rooted in the countryside. In terms of both legal status and social attitudes and ambitions the migrant worker remains a peasant first and a worker second. Both this legal status and social identity has served to weaken the position of migrant workers in their relation to both state and capital.

Firstly, there remains a major divide between the peasant migrant workers and the more privileged urban working class, who no doubt see them as competitors. Migrant workers are often regarded with disdain as country bumpkins. Such attitudes have made it very difficult to develop any collective action or organisation between the old working class and the newly emergent class of migrant workers.

Secondly, their status under the *hukou* system means that the migrant workers' legal position in the city is very precarious. If they find themselves in trouble with the

<sup>32</sup> Howard W. French, 'Police in China Battle Villagers in Land Protest', *New York Times*, January 17<sup>th</sup> 2006.

authorities then they can easily lose their temporary residency papers, and with them their job. They then have to live and work illegally in the city, or else make the often long journey home to their village of origin. Furthermore, migrant workers often find themselves having to live in the factory dormitories. Although this may at times facilitate the organisation of workers at a particular factory because they all live as well as work together, it usually means workers are more reluctant to make trouble since losing their job means having nowhere in the city to live.

Thirdly, the widely held expectation that sooner or later they will return home to the village has meant that a predominant attitude of migrant workers has been to keep their heads down and avoid trouble. The notion that however hard conditions in the factory may be, it will not be forever, has tended to lead to an attitude of stoical resignation rather than resistance.

Finally, the temporary and transient nature of migrant labour has made it difficult to build up relations of trust and solidarity between workers – let alone any degree of organisation. The workforce in a factory or at a building site can be in a permanent state of flux as workers arrive in the city and go back to the countryside either for good or for brief periods. Also with migrant workers being drawn from across China it means there are always cultural divisions and prejudices that have to be repeatedly overcome.

As a result of their weak position, the struggles of the migrant workers have been, at least up until recently, rather limited. Yet this does not mean that migrant workers have been entirely docile. On the contrary, they have increasingly attempted to fight against their exploitation by capital through using legal methods. Legal disputes and state mediations between workers and employers have skyrocketed since the early 1990s with 100,000 cases being dealt with each year. In Shanghai, for example, the number of law suits each year increased by 600% between 1995 and 2005, with 75% deemed to have been settled in favour of the workers.

## 5.2 'Market socialist' labour law in theory and in practice

Through a series of labour laws introduced since the early 1990s the Chinese state has set up an elaborate system for the regulation of labour contracts, which claim to provide substantial protection for the interests of workers under 'market socialism'. Provincial and municipal governments are obliged to set minimum wages that all employers under their jurisdiction are obliged to pay. The law limits the normal working week to a maximum of forty hours. Employers are legally obliged to meet minimum health and safety requirements and employees have to be given written labour contracts specifying in detail their pay and conditions.

In order to enforce these labour laws, and to ensure 'harmonious relations between employers and employees', there is a prescribed three-step procedure for settling labour disputes. Firstly, either the employers or the workers can petition the local state-run Labour Bureau to mediate in a dispute. Secondly, if this mediation fails, then either party can take the issue to adjudication by a tribunal made up of local representatives of the official trade union, the employers' organisations and the government. Finally, either party can make an appeal against the decision of the adjudication tribunal to a court of law.

In theory China's labour laws would seem to provide workers with a substantial degree of protection. But, of course, in practice the situation is very different. The local party-state usually has overriding vested interests in the accumulation of capital and can be counted on by employers to turn a blind eye to even the most blatant violations of the 'socialist' labour laws. Most migrant workers, for instance, have no written contracts. They often have to work 18 hours a day, seven days a week, with only one day off a month. Scant regard is given to health and safety and workers often have to work in appalling conditions and there are frequent accidents and injuries. Employers often make arbitrary deductions from wages. Indeed, it is common for wages not to be paid at all for several months when orders are slack.

On top of all this labour discipline is often enforced through abusive, degrading and violent treatment of the workers. There are instances in which the entire workforce has been obliged to strip naked before leaving the factory in order to check no one has been stealing; while workers often rate employers by how much they allow supervisors to beat their employees.<sup>33</sup>

Nevertheless, through persistent and concerted efforts it has been possible for migrant workers to use the labour laws and official disputes procedures to gain some limited redress for their treatment by their bosses. However this, it must be said, is usually an uphill task. First of all most migrant workers are ignorant of their legal rights. When they do find out they can petition the Labour Bureau to mediate in a dispute with their employers they are often dismissed by officials as no more than ignorant country bumpkins. Furthermore, if the employer is determined to see out the dispute then the workers have to seek costly legal advice in order to take the matter to adjudication or ultimately to court. With workers often desperate for money, time is usually on the side of the employer, who can easily string proceedings out.

Yet, workers can often hurry matters up through collective direct action. The close connection between the party-state and employers means that political pressure can quickly produce results. Petitions by isolated individuals are easily dismissed or delayed, but by downing tools and marching down to the Labour Bureau offices or by blocking traffic party-state officials can be made to take the dispute more seriously. Public demonstrations, which threaten to link up with the other workers in the city or to get out of hand, are usually sufficient to persuade the local authorities to put pressure on the employers to settle or at least not to delay proceedings.

China's migrant workers have therefore been able to gain concessions through legal channels backed up by collective direct action. Indeed there are an increasing number of workers who both know the legal and procedural intricacies of China's mediation and adjudication process, and are able to organise their fellow workers to press their claims. As a result, migrant workers have become increasingly successful in using the law to win concessions.

However, at best such success has only gone a little way towards mitigating the super-exploitation of the migrant workers. Yet in the last couple of years there are signs of

<sup>33</sup> See Ching Kwan Lee, *Against the Law: Labor Protests in China's Rustbelt and Sunbelt*, University of California Press, London, 2007.

important changes in the bargaining position and militancy of the new Chinese working class.

### 5.3 Times are a changing

As we have pointed out, the legal, social and temporary nature of migrant workers' position has seriously inhibited the militancy of China's new emerging working class. However, the fundamental factor in their weak bargaining position has been simply the economic factor of the supply and demand of labour-power. With what appeared as an inexhaustible supply of labour-power, the bottom line has always been that the employer could always replace his entire workforce if needs be. If the current worker force would not accept the pay and conditions on offer there were always many more coming from the countryside who would.

However, in the last couple of years there have been increasing reports in the business press of serious labour shortages. These were first in the southern provinces where capital accumulation has been most rapid; such as Guangdong province which is reported to have 2.5 million unfilled jobs. Complaints about finding and retaining both skilled and unskilled labour have now spread to other major industrial cities in China.<sup>34</sup>

It is not certain why the supply of labour-power is no longer keeping up with rapidly increasing demand but we may suggest two possibly important reasons. Firstly, as we have seen, the peasant struggles over the past decade have led to the government making important concessions. First the cut in agricultural tax that began in the early 2000s, followed by its final phasing out in 2006, has eased the position of many peasant households. Such tax cuts, combined with the prospects of increased welfare provision offered by the five guarantees, mean that there is less pressure on peasants to look for work in the cities.

Secondly, there are the generational effects of the one child policy introduced in the early 1980s. The policy limiting families to having only one child freed many women to work first in the TVEs during the 1980s and then in the new export-orientated sectors in the 1990s. However, while this policy served to increase the supply of workers, particularly women workers, it is now having the reverse effect. Twenty years after the introduction of the policy the numbers of young workers, who are most likely to become recruited as migrant workers, has begun to fall sharply.

Whatever the reasons for these labour shortages it has increased both the bargaining position and the assertiveness of China's new working class. The last two or three years have seen an increasing number of reports of collective action and strikes. In some cases whole workforces have simply refused to work and returned to the countryside. More frequently there have been short spontaneous strikes, in some cases leading to hundreds of workers rampaging through factories smashing up the machinery and attacking supervisors and bosses.<sup>35</sup>

Yet while most strikes have been short and sharp, there have also been reports of more concerted and organised industrial action. An example of this occurred at the Japanese-owned electronics firm Uniden.<sup>36</sup> During the winter of 2005, the ten thousand workers at the Uniden factory came out on strike five times. The workers attempted to organise an independent trade union around the following general social democratic demands:

- Basic wages should be in line with the minimum wages as stipulated by law;
- The company must pay for workers' basic insurance as stipulated by law;
- Women workers to receive one month's maternity leave;
- Compensation for overtime should be 150-300 percent of basic wages;
- No compulsory overtime as stipulated by law;
- Workers shall set up their own trade union;
- No deduction of wages when workers take sick leave;
- Food and housing allowances;
- Increase wages according to seniority.

Fearing that the Uniden workers would succeed in developing an organisation that went beyond their own workplace, the Chinese state cracked down in April 2005 and the main strike leaders were arrested.<sup>37</sup>

As a result of these labour shortages and the increased assertiveness of the workers, wage rates have begun to rise. As local party-state bosses compete to attract workers to their areas, minimum wages set by the provincial and municipal governments have been raised by 20% and are being more vigorously enforced.<sup>38</sup> Whereas it was quite common for actual wages rates to be below the legal minimum, they are now usually much higher. Indeed, as many employers now complain, actual wage rates, which for more than a decade had failed to keep up with inflation, are now rising at over 10% a year – twice the rate of price inflation.

Already, some foreign companies have begun relocating production to countries where labour is cheaper such as

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Toy Story: Unrest in China', *International Herald Tribune*, July 28<sup>th</sup> 2006.

<sup>36</sup> See Wong Kam Yan, 'A Second Wave of Labour Unrest in China?', *Socialist Outlook*, Summer 2005.

<sup>37</sup> Although the Chinese state is prepared to allow a certain degree of industrial action it draws the line at any workers' organisation independent of the party-state that goes beyond a particular workplace. There have been many people, both workers and intellectuals that have been arrested for attempting to set up trade unions. See *China Labour Bulletin* for a list of detained labour activists. However, the state has also attempted to pre-empt the formation of independent labour organisations. In order to head off the growing militancy and organisation of the newly emerging working class the official party-state trade union organisation – the All China Federation of Trade Unions (ACFTU) – has taken a far more proactive role in representing workers' interests. What is more the Chinese government has been insisting that major foreign firms recognise the ACFTU. Indeed, in November 2004, under pressure from the government, Wal-Mart, rather reluctantly it seems, agreed to recognise the ACFTU.

<sup>38</sup> See Tom Mitchel, 'Shenzen Plans Rise of Up to 23 Percent in Minimum Wage', *Financial Times*, April 19<sup>th</sup> 2006.

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<sup>34</sup> See for example: 'How Rising Wages are Changing the Game in China', *Business Week*, March 27<sup>th</sup> 2006.

<sup>35</sup> See for example the report of the riot at a shoe factory in Dongguan, 'In China, Workers Turn Tough: Spate of Walk Outs May Signal a New Era', *Washington Post Foreign Service*, November 27<sup>th</sup> 2004. And the report of riots in a toy factory also in Dongguan by Donald Greenless and David Laque, 'An Unhappy

Bangladesh and Vietnam. Yet without the large-scale state directed investment in infrastructure that is readily provided by the Chinese state, the degree to which capital will be able to relocate outside is likely to be limited. Other companies are seeking to relocate production in China's less developed interior. However, while such capital flight may alleviate the severity of the recent labour shortages, it is becoming increasingly clear that capital is having to accept that the seemingly endless supply of cheap and compliant labour provided by China is coming to an end.

The shortage of labour is not only leading to greater worker militancy and rising wages, it is also beginning to undermine the *hukou* system. Migrant workers have long been hostile to this system which effectively designates them as second class citizens. However, now employers, eager to attract and retain workers, are clamouring for an end to this system that prevents the 'free movement of labour'. It is expected that at the forthcoming 17<sup>th</sup> National Party Congress proposals will be announced for pilot schemes where the *hukou* system will be relaxed or abolished. With the abolition of the *hukou* system a longstanding and particularly pernicious division in the working class will be eradicated.

#### 5.4 The new emergent working class concluded

So, as we have seen, in the last few years labour shortages have led not only to a greater militancy on the part of China's newly emergent industrial working class, but also what would seem to be the beginning of the end the divisions created by the *hukou* system. Yet, at the same time, as China is beginning to move up the product chain to produce more sophisticated commodities such as cars and machine tools, the composition of China's new industrial working class is beginning to change. In the future there will be an increasing demand for permanent skilled and semi-skilled workers rather than migrant peasant workers.

However, it must be said that we are at an early stage in such changes. It is certainly far too soon to say whether such developments will lead to China's new industrial working class to become a conscious and organised subject.

#### Conclusion

As we have seen, contrary to what it may appear at first sight, the immense economic transformation of China has resulted in widespread, and at times quite intense, resistance from both workers and peasants. However, with perhaps the exception of the peasant insurrections at the end of the 1990s and the wave of mass protests in northeast China in spring 2002, such resistance has not come anywhere near threatening the continued rule of the Chinese party-state, let alone derailing the process of rapid capital accumulation.

Through the combination of making timely minor concessions and the ever present threat of repression, the Chinese state has, for the most part, succeeded in restricting social protests to narrow and parochial issues and focussed on the malfeasance and corruption of local party-state cadre. By such means the Chinese state has been able prevent the generalisation of workers and peasants struggles in conscious class conflicts against the party-state itself. Indeed, the CCP leadership is still able to sustain the popular perception that they are paternalistic 'socialists' doing the best they can to protect the interests of the masses.



Furthermore, although it has produced widespread resistance and social unrest, the rapid accumulation of capital has also provided the Chinese state with revenues and resources to defuse and head off class conflict by making quite substantial material concessions. As profits and taxes from the rapidly expanding export sector have poured into the state's coffers, it has become possible to maintain the subsidies on the larger unrestructured SOEs as well as cut the tax burden on the peasantry in the last few years. Thus, although the Chinese state is certainly very wary of the dangers involved in the steady increase of protests and social unrest, so long as the economy keeps booming it seems likely that the authorities will be able to keep a lid on the situation. However, as we have seen, there are signs that China will find it increasingly difficult to provide world capital with a plentiful supply of cheap and compliant labour-power.

Due to the limitations of our sources,<sup>39</sup> the emphasis of this article has been on the struggles of *danwei* workers that occurred several years ago. Important as they are for understanding China in the current era, they are, what may be termed conflicts of class de-composition, or what Beverly Silver has called Polanyi-type struggles.<sup>40</sup> As Silver has shown in the particular case of the car industry, capital may take flight from class conflict and find a new home but it cannot escape its nemesis forever. Having alighted in China, capital is in the process of summoning into being a new working class, as the peasant migrant workers turn into a fully-fledged proletariat. No doubt the struggles of this new working class will become increasingly important in the future. But it is perhaps too early to say much more. The new Chinese working class is still very much in the making.

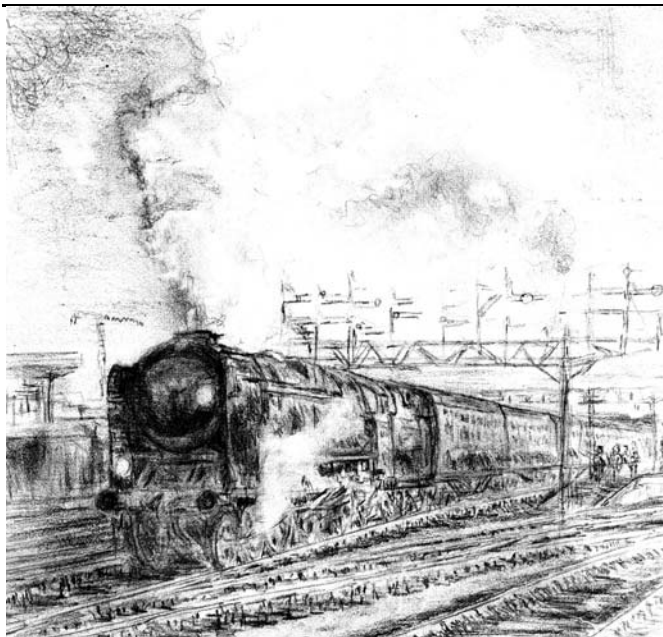
<sup>39</sup> In writing this article we have, like anyone else in the West writing on China, faced the problem of finding reliable information. Lacking any direct contacts we have had to rely on reports in the business pages of the bourgeois press and the burgeoning, but often dated, academic literature and case studies.

<sup>40</sup> See the review of Silver's *Forces of Labour* in this issue.



# The language of retreat

Review article: *A grammar of the multitude*, Paolo Virno, Semiotext(e) 2004.



## Introduction

The philosopher Paolo Virno is one of the original Autonomists, having been a member of Potere Operaio from 1968 until it dissolved in 1973. His continued involvement in politics, in particular his involvement with the journal *Metropoli* saw him imprisoned like so many others in the repressive wave which swept Italy in the wake of the unrest known as the Movement of '77. Like his better-known compatriot Antonio Negri he was charged with 'subversive association.' Unlike Negri he wasn't accused of belonging to any particular group that did anything in particular, but nonetheless served three years in prison awaiting trial, then was sentenced to 12 years which was eventually annulled. Virno has written that "the best philosophical seminars that I had in my life were in prison. Never in the university did I find anything similar."<sup>1</sup>

Upon his release he became politically active once more, writing for the journal *Luogo Comune*, whose focus was on the centrality of communication to contemporary labour. In this book, Virno is particularly concerned with so-called 'post-Fordism,' and how it intersects with the fundamental biological faculties of the human species – in particular the capacity for language. It is this intersection he says, which has created the contemporary 'multitude,' a category he sees as a replacement for 'the people' of liberal political thought.

But why review Virno when we have already critiqued Toni Negri and Michael Hardt's far better known theories of the multitude and immaterial labour?<sup>2</sup> There seem to us several good reasons. Firstly, Virno seems to have been a significant influence on Negri and Hardt, and his earlier work on 'mass intellectuality' is an important precursor to their 'immaterial labour' thesis and the associated concept of

multitude. Despite this he is critical of aspects of *Empire*, labelling the central thesis of a shift in sovereignty to the supranational level "premature."<sup>3</sup> Reviewing Virno then seems to offer a route to investigate some of the foundational elements of what remain fairly influential theories.

Secondly, Virno's work has been picked up by others outside of Autonomist/Marxist circles, e.g. David Graeber who sees his theory of 'exodus' as a model for contemporary political action.<sup>4</sup> Finally, Virno's notion of political action defending something already established also resonates with the theories of 'commons' being produced by those around *The Commoner* web journal,<sup>5</sup> in particular Massimo De Angelis, whose new book is also reviewed in this issue.

This article is divided into three sections, dealing with three distinct but inter-related aspects of Virno's book. Section 1 investigates the philosophical underpinnings of Virno's point of departure, an opposition between the seventeenth century philosophers Benedictus de Spinoza and Thomas Hobbes. We show that by returning quite uncritically to the bourgeois philosophy of Spinoza, Virno inherits some crucial assumptions about his social subject, the multitude. Marxians will straight away ask 'if we're returning to bourgeois philosophers, why not Hegel?' We can't read Virno's mind, but we will touch on this question in the discussion of the Autonomist rejection of dialectics in sections 1 & 2.

Section 2 explores the relationship between multitude and class, demonstrating that the multitude is a bourgeois humanist concept that mirrors the ambiguities of the 'anti-globalisation' movement. Section 3 deals with Virno's analysis of contemporary forms of labour. We show that Virno overstates the significance of 'post-Fordism,' and in conjunction with his bourgeois framework this leads him to advocate political action which avoids confrontation with capital *in principle* in favour of attempts to 'exit' the capital relation and live autonomously alongside it. Finally we conclude that by marginalizing class antagonism Virno's multitude represents a theoretical retreat from the Autonomist concept of class composition.

## 1. Spinoza & Hobbes

Virno's point of departure is the opposition between "two polarities, people and multitude, [which] have Hobbes and Spinoza as their putative fathers" (p.21).<sup>6</sup> This return to two seventeenth century philosophers is driven by Virno's suggestion that "today, we are perhaps living in a new seventeenth century, or in an age in which the old concepts are falling apart and we need to coin new ones" (p.24).<sup>7</sup> It is also an unusual pairing of thinkers, not least because the

<sup>3</sup> <http://generation-online.org/p/fpvirno8.htm>

<sup>4</sup> David Graeber, *Fragments of an anarchist anthropology*, Prickly Paradigm Press, 2004.

<sup>5</sup> [www.commoner.org.uk](http://www.commoner.org.uk)

<sup>6</sup> Hobbes lived between 1588-1679 and Spinoza from 1632-1677.

<sup>7</sup> Indeed "this is a wonderful challenge for philosophers and sociologists, above all for doing research in the field" (p.44).

<sup>1</sup> <http://generation-online.org/p/fpvirno2.htm>

<sup>2</sup> See *Aufheben* #14 (2006).

traditional view is that “Spinoza’s political theory is, in the main, derived from Hobbes, in spite of the enormous temperamental difference between the two men.”<sup>8</sup>

Furthermore, the novelty (for English speakers at least) of this supposed opposition between Hobbes and Spinoza, people and multitude, is underlined by the fact the translators of the English edition of Spinoza’s main work of political theory chose to render the latin *multitudo* not as ‘multitude’ but as ‘people,’ and occasionally ‘mob’.<sup>9</sup> Therefore in order to properly understand Virno’s reading, it is necessary to briefly survey both Spinoza and Hobbes, focussing on the key points of their political philosophy, the traditional interpretations and the points at which Virno breaks with them.



### 1.1 Bourgeois subversives

Hobbes is perhaps most famous for his notion of *bellum omnium contra omnes*, a war of all against all. For Hobbes, this is what exists in the ‘state of nature,’ logically if not temporally prior to civil society. Without an authority to rule over them, individuals will be in a permanent state of war with one another because each is the judge of his own actions and acts in his own interest. Spinoza agrees, writing that “men are by nature enemies, and even when they are joined and bound together by laws they still retain this nature.”<sup>10</sup>

Nowadays Hobbes tends to be seen as a conservative, but in his day his doctrine was seen as dangerously radical and a threat to the established order. His view that the state was rooted in a social contract to avoid the anomie of the state of nature radically undermined the doctrine of the divine right of kings, and he was widely suspected of atheism. He spent 11 years in exile in Paris, and after his return the storm of controversy following the publication of *Leviathan*<sup>11</sup> (when copies were publicly burnt) meant he was forced to retreat from the public eye and said little more on political matters for the rest of his life.

Spinoza enjoyed a similar relationship with the authorities. Even in the famously tolerant Dutch Republic of the seventeenth century his views were an anathema to established theological doctrines. His refusal to distinguish God from nature saw him excommunicated (and accused of atheism) by the Amsterdam Jewish community where he had been raised, and also drew the ire of the Christian

establishment. Subsequently his major works were either published anonymously (*Theologico-Political Treatise*) or posthumously (*Ethics, Political Treatise*).

Thus the reason both men were seen as radical in their day was because their ideas undermined the power of the Church and the divine right of kings to rule; Hobbes, followed by Spinoza replaced the rule of persons with the rule of law. In other words, they were both philosophical representatives of the nascent bourgeois society that threatened the established feudal order.<sup>12</sup> Hence while “Spinoza is sometimes hailed as a defender of democracy, it would be better to see him as a defender of the liberal constitution.”<sup>13</sup>

Hobbes in particular grasped the logic of emergent bourgeois society, and his political philosophy is best understood as an attempt to reconcile the logic of the market – which is indeed a war of all against all – with capital’s need for social peace and bourgeois equality:

The safety of the People, requireth further, from him, or them that have the Sovereign [sic] Power, that justice be equally administered to all degrees of people; that is, that as well the rich, and mighty, as poor and obscure persons, may be righted of the injuries done them.<sup>14</sup>

Now according to Virno, Hobbes’s people is defined by its composite unity, its coming together in and through the state. This is a somewhat one-sided précis. As the above quote suggests, Hobbes in fact sets up the unity of the people in the state *as the guarantee of bourgeois equality in the marketplace*, thus establishing the familiar market-state pairing. Indeed much of bourgeois politics consists in wrangling over just what balance of the two is best for ‘the economy’ (read capital accumulation).

Spinoza similarly grasps capital’s need for bourgeois equality and social peace. Whereas to this end Hobbes opts for the blunt instrument of an absolute sovereign power, preferring monarchy, tolerating limited democracy, but refusing any division of powers between say, parliament and king (this is why it’s usually Locke who is juxtaposed to Hobbes, as Locke sets out the basis of the liberal separation of executive and legislative powers). Spinoza however anticipates resistance to such blatant absolutism and proposes an altogether more subtle approach:

A state that looks only to govern men by fear will be one free from vice rather than endowed with virtue. Men should be governed in such a way as they do not think of themselves as being governed but as living as they please and by their own free will...<sup>15</sup>

It is interesting that Virno sees Spinoza as the philosopher to decode ‘post-Fordism’ from the point of view of the multitude. However, as the above quote shows Spinoza often reads more like a ‘lean management’ guru

8 Bertrand Russell, *The history of western philosophy*, Routledge Classics, Abingdon, 2006, p.522.

9 Benedictus de Spinoza, *Political treatise*, Hackett Publishing Company, Indianapolis, 2000.

10 Spinoza (2000), p.101.

11 Probably his most famous work, from which his ideas discussed in this article are drawn. Thomas Hobbes, *Leviathan*, Penguin Classics, London, 1988.

12 Toni Negri disputes this, arguing the relatively developed capitalism of Spinoza’s native Dutch Republic renders him an anomalous “post-bourgeois” philosopher. This is discussed briefly below. Antonio Negri, *The savage anomaly*, University of Minnesota Press, Minneapolis, 2000.

13 Roger Scruton, *Spinoza*, Phoenix, London, 1998, p.41.

14 Hobbes (1988) p.385.

15 Spinoza (2000) p.132 – Spinoza is a determinist who rejects the concept of free will, so this formulation is explicitly duplicitous and suggests against a reading that he’s obliquely advocating direct democracy of some sort in such a manner as to avoid the censure of the authorities.

than a revolutionary!<sup>16</sup> A few examples from a lean management text should suffice to make the point:

For most people, being given orders feels coercive – an affront to their autonomy. They may comply, but they’ll probably feel resentful, which won’t dispose them to be co-operative in the future.”<sup>17</sup>

“As for the levels of hierarchy, they should be kept to the smallest number consistent with appropriate spans of control.”<sup>18</sup>

Note that the autonomy of the worker in ‘post-Fordism’ is only the autonomy to co-operate in the valorising of capital, subject to ‘appropriate spans of control’. As we can see, both Hobbes and Spinoza are concerned only with the bourgeois individual, the equal citizen existing in the sphere of circulation (the marketplace, public life). The ‘hidden abode of production’ with its workers and bosses is notable only by its absence. Neither thinker could grasp the dialectical relation between these two spheres; how for bourgeois society freedom in circulation needs despotism in production and vice versa. We will return to this point in the following section.<sup>19</sup> But in any case is it really that surprising that the ‘new’ bourgeois strategies of ‘post-Fordism’ are foreshadowed by a seventeenth century thinker? Is it not simply the case that the bourgeoisie have long been aware of both the carrot (Spinoza) and the stick (Hobbes), and have sought to deploy them as necessary?

## 1.2 Spinoza the anomaly?

This is where Virno’s reading of Spinoza departs from traditional understandings. Where it has been held that Spinoza’s “concern for political freedom arose from his suspicion of ordinary people”<sup>20</sup> and that “he is opposed to all rebellion, even against a bad government”,<sup>21</sup> Virno instead asserts that “for Spinoza, the *multitudo* is the architrave of civil liberties” (p.21) and that “those ‘many’ made use of the ‘right of resistance,’ of the *jus resistentiae*” (p.42). This reading seems to owe much to Toni Negri’s insistence that Spinoza is an anomaly of his age and in fact represents “a radical and seminal alternative to bourgeois thought”,<sup>22</sup> whose “subject is the *multitudo*. It is therefore around the issue of the *multitudo* that the problem of the relationship

between freedom and absoluteness should be reconsidered.”<sup>23</sup>

As Virno doesn’t reference Negri, we will deal with his arguments only to the extent they inform the discussion at hand. In short, the problem with Negri’s reading, which is mirrored to some extent in Virno, is contained in the following passage:

In very elementary terms, perhaps a bit extreme but certainly intense, we could say that *in Spinoza productive force is subject to nothing but itself*, and, in particular, domination is taken away from the relations of production: Instead, productive force seeks to dominate the relations of production from its own point of view.<sup>24</sup> (emphasis added)

The appeal of the italicised section should be apparent to those coming from a tradition stressing ‘workers’ autonomy.’<sup>25</sup> It also allows the two spheres of production and circulation to be collapsed into each other; with domination taken away, (bourgeois) freedom reigns.

However, the problem is that a theory cannot simply ‘take domination away’ and thus make it so in reality! Nor is the freedom of circulation an alternative to the domination of production, it is simply the other side of the same coin! Domination is only ‘taken away’ at the point where the proletariat asserts itself as a class, defetishising the commodity form in a naked clash of class forces; in other words at the peak of class struggle, on the eve of revolution. That is to say this ‘positive’ moment of affirmation can only proceed dialectically from the negative moment of proletarian alienation, it does not and cannot stand alone as an autonomous force, it is born in the very daily domination of the capital relation that it seeks to overcome.<sup>26</sup>

Possessing nothing for sale except the capacity to work, the proletariat sells their labour-power (productive force), their subjectivity to capital in return for a wage. Their subjectivity thus becomes objectified in the form of the capital their alienated labour creates, to which the worker stands as a mere object – a ‘human resource’ or even in some of the latest management jargon, ‘human capital.’ For the vast majority of humanity therefore, capital seeks to reduce life to work and the ancillary functions thereof.

But capitalist production not only alienates the worker, but also the capitalist, albeit in a qualitatively different way. The capitalist who disregards the imperatives of the market, who does not seek to intensify the exploitation of their workers and expand their capital will not long remain a capitalist, as bankruptcy or hostile takeover will soon enough intervene. Thus the subjective desires of the capitalist are subordinated to the expansion of capital. The capitalist

23 Antonio Negri, *Subversive Spinoza*, Manchester University Press, Manchester, 2004, p.37.

24 Negri (2000), p.223. Negri has already donned his postmodern lenses here, as the ‘productive force’ he refers to in Spinoza is Being itself. Following Deleuze he takes the fact that Spinoza’s One substance/*Deus sive natura* is *self-causing* to mean that it is *productive* (of itself), and then conflates this ontological constructivism with production in the Marxist sense. You will search in vain for references to forces and relations of production in Spinoza, but never mind, the author is dead!

25 *Autonomia Operaia* – ‘Workers’ autonomy’ - was one of the groups with which Negri was involved in 1970’s Italy.

26 The question of ‘positive and negative moments’ will be taken up again in section 2.

16 ‘Post-Fordism’ refers to the various management strategies that have followed Fordist/Taylorist scientific management, ‘lean management’ being a major component of such strategies. Virno places great importance on ‘post-Fordism,’ as is discussed in section 3 of this article.

17 Drew, J *et al*, *Journey to lean*, Palgrave MacMillan, Basingstoke, 2004, p.65. A management textbook surreptitiously ‘borrowed’ from a boss’s desk, and so presumably a sufficiently current source.

18 Drew *et al* (2004) p.52 – the logic here mirrors Spinoza, workers must be made to *feel* free – but they must really be kept under control.

19 We will see in section 3 how in *confining* himself to this one-sided bourgeois view of the sphere of circulation to define his subject, Virno can only *collapse* production and circulation into each other when he turns to consider labour as multitude.

20 Scruton (1998), p.41.

21 Russell (2006), p.522.

22 Negri (2000), p.219. In fine postmodern style, Negri’s reading of Spinoza relies most heavily on the two chapters on democracy in the *Political treatise*, which Spinoza left unwritten!

becomes the mere human agent through which capital is set in motion in its circuits of valorisation.

Hence it is not the capitalist that is the subject of capitalist production, but capital itself, which as the subject-object of production seeks to dominate the productive forces and structure them according to its needs. In other words, an *ontological inversion* takes place, as real human subjects become objectified and dominated by an object endowed with subjectivity. Immediately this domination by the subject-object of capital presents itself in the person of the boss, behind him stand the police and the military.

Crucially however, this process is never closed, never complete – *and never can be!* The mere fact of selling their subjectivity to capital never completely reduces the worker to a mere object. This is apparent in the rich history of strikes, occupations and revolutions which all express proletarian subjectivity rejecting the domination of capital, not to mention the unsung everyday resistances. However, the fact that we (the productive force) can and do seek to impose our will on capital does not mean that ‘domination is taken away from the relations of production’ – if that were the case we would be in a permanently revolutionary situation!<sup>27</sup>

Rather, capital’s domination is contested, and necessarily so. However, for Negri all this talk of alienation in production is part and parcel of the “bourgeois ideology” of dialectics,<sup>28</sup> thus he adopts a theory that poses the bourgeois freedom experienced in the sphere of circulation as an alternative to the domination experienced in production (ironically on the grounds that grasping their inter-relation would be bourgeois!). For us though it is impossible to theorise capitalist class relations without an understanding of this alienation in the sphere of production and the ontological inversion by which dead labour (capital) comes to dominate the living, and thus wage slavery becomes the primary means of access to the necessities of life.<sup>29</sup>



However, Virno doesn’t so much as conflate the spheres of production and circulation, but simply confines himself, like Hobbes and Spinoza to the sphere of circulation, at least for the purposes of defining his subject, the multitude. The problems of ignoring production are explored in section 2. However before we can discuss those, it is necessary to briefly consider Spinoza’s metaphysics, which far more so than his politics Virno opposes to Hobbes (since their politics are not all that different, as we have seen).

### 1.3 The One and the Many

Central to Spinoza’s metaphysics is his notion of ‘substance,’ the fabric of Being itself, which for him is necessarily infinite and singular: “except God, no substance can be or be conceived.”<sup>30</sup> (It was Spinoza’s referring to his one substance as “God or nature” - *Deus sive natura* - that had him accused of atheism). Certainly it is easier for modern readers to accept the “substance = nature” equation which is far less theologically charged, and somewhat in line with contemporary scientific views of the universe as a self-causing system (with big bang theory, the cause of the initial singularity is necessarily beyond physics – metaphysical – and thus de facto it is held to be self-causing).

So given as there is only one substance, every finite thing is necessarily a ‘mode’ of this substance. Thus Spinoza’s metaphysics is in essence a (logical if not temporal) progression from ‘the One’ to ‘the many;’ plurality and heterogeneity is premised on an essential unity (in God or nature). Virno juxtaposes this to Hobbes’ view of the social contract, where atomistic individuals in the state of nature must come together in the State for their own protection;

the many must become the One. Virno identifies these opposite conceptual movements with the multitude and the people respectively. As he puts it, upon rejecting the liberal social contract theory of Hobbes and his ilk “the One is no longer a *promise*, it is a *premise*”(p.25).<sup>31</sup>

27 In fairness to Negri, he does attribute his ‘return to Spinoza’ to the claim that “*Being* is material, *revolutionary*” – so at least he is consistent (emphasis in original; Negri 2004 p.95).

28 “The dialectic is the form in which bourgeois ideology is always presented to us in all of its variants” Negri (2000), p.20. We don’t dispute that Hegel, so closely associated with the dialectic was a bourgeois thinker. We do dispute that the dialectic itself, having been set upon its feet by Marx is necessarily an expression of bourgeois ideology. To accept the (contested) reality of capital’s domination is not to agree with or apologise for it, hence we have no need for fairy tales about the autonomy of the productive forces.

29 Virno occasionally alludes to alienation, but it is peripheral to his theory as expressed in the book.

30 Proposition 14 of the *Ethics*, p.9 of Benedict de Spinoza, *Ethics*, Penguin classics, London, 1996.

31 Incidentally we are sympathetic to the notion that individuals emerge from society rather than society being the mere aggregate of so many Robinson Crusoes. Whilst this strikes against the *Homo economicus* thesis of bourgeois economics, it says nothing more without elaborating that in capitalist society individuals are divided into antagonistic classes, *despite* this shared humanity. It merely reformulates the bourgeois individual as a derivative of something common (the general intellect for Virno, God or Nature for Spinoza) rather than as an atom from which something common is constructed.

## 1. Multitude, humanism, class

We have seen then how Virno borrows from Spinoza's metaphysics and his concept of multitude, which he places in opposition to 'the people.' Now radical thought is no stranger to criticising the notion of 'the people' as a construct that papers over class difference. Over a century ago the Wobbly folk singer Joe Hill quipped "it's about time every rebel woke up to the fact that the working class and 'the people' have nothing in common." So is Virno's multitude merely a new word for the working class? No, and Virno is explicit on this point, stressing that the working class still exists, only it is a part of the multitude and not the people (p.44).

For Virno, the multitude is an alternative concept to the people, *but this 'alternative' is just as rooted into the sphere of circulation*, home of the bourgeois individual, of equal citizens, not bosses and workers. Virno's opposition to Hobbes is essentially this; his overbearing Leviathan state prevents the bourgeois individual from realising his democratic aspirations. However, now that capitalist production requires *everyone* to use their generic human faculties, we have something fundamental in common and so don't need a social contract and Leviathan state – the bourgeois individual is at last free to realise his democratic dreams! In ignoring the sphere of production for the purposes of defining the multitude (except insofar as production requires generic human faculties), Virno views bourgeois society one-sidedly. Whilst insisting the working class still exists, his multitude is defined solely in terms of the bourgeois freedom of circulation, whilst production remains a hidden abode.

This is most apparent when he explains that the One of the multitude is the 'common places' of language, the "linguistic-cognitive competencies which are *generically human*" (p.110; emphasis added).<sup>32</sup> Virno explains that "such 'places' are *common* because *no one* can do without them (from the refined orator to the drunkard who mumbles words hard to understand, *from the business person to the politician*)" (p.36; emphasis added). From this it is apparent that Virno's multitude is essentially a humanist political concept, and thus to talk of *the* multitude is to talk of humanity in general, undifferentiated into classes.<sup>33</sup>

At first glance this seems somewhat at odds with the better-known multitude of Toni Negri, for whom "multitude is first of all a class concept".<sup>34</sup> However, the two multitudes have more in common than this first glance suggests, a commonality rooted in one of the theoretical tenets that runs through much of Autonomist thought, which in our opinion is one of its major weaknesses. As we will explain, this

32 It should be noted that here Virno employs Spinozan metaphysics only metaphorically, unless he is such a hideous idealist to believe human thought (the general intellect) is the cause of everything in the universe!

33 However Virno also sometimes seems to use *the* multitude as shorthand for 'the working class in the mode of multitude', which is discussed in section 3. It should also be stressed that Virno's humanism is *not* a liberal humanism that denies class conflict per se (that would be 'the people'), he just doesn't say much about it.

34 "... then also a political concept" in opposition to 'the people.' <http://libcom.org/library/multitude-or-working-class-antonio-negri> We argued in *Aufheben* #14 (2006) that Negri's multitude also ends up classless, despite his protestations.

weakness is the rejection of a dialectical understanding of the proletariat in favour of a purely positive one.<sup>35</sup>

### 2.1 Be positive!

In order to clearly explain what sounds like a rather abstract philosophical point – and its consequences – a comparison between Virno and Negri's purely positive approach and a dialectical one is necessary. Firstly though, it is worth briefly tracing the development of one of the Autonomists's major theoretical contributions – the broadening of the category of the proletariat from the narrow description of white, male, blue collar industrial workers favoured with differing emphases by both the workerists and the Marxist orthodoxy prevalent in Italy at the time.<sup>36</sup>

This view was a positive definition in that it looked for attributes that the proletariat had – namely producing surplus value – and thus excluded the unemployed, housewives, agricultural and tertiary workers and in fact pretty much anyone who wasn't employed on a production line from possessing any revolutionary agency or antagonistic subjectivity. With the late '60s explosion of struggles outside the factory (particularly by students) Autonomia theorists, and Negri in particular argued against this orthodoxy, contending that the whole of society now constituted a 'social factory' in which all sorts of activities were productive for capital.

Meanwhile theorists like Mariarosa Dalla Costa and Selma James argued that the reproductive labour of housewives (feeding their proletarian husbands, raising the next generation of workers) was also a vital part of capitalist (re)production. From this they managed to redefine the working class on a much broader basis, and as a much more heterogeneous group. This firstly helped explain the revolutionary potential of struggles outside the immediate sphere of production, against narrow workerism, and secondly helped place working class subjectivity at the centre of their theory, where Communist Party orthodoxy had tended to play it down as it sought to reduce the working class to an electorate at the service of the party. These were both significant theoretical contributions.

However, *they had done this by broadening the positive category of the workerists, not by overturning it.* They

35 Harry Cleaver implies that the Hegelian elements in Marx were jettisoned along with Engels's dialectical materialism, which formed a staple of Communist Party orthodoxy from which Autonomia broke. If this is the case it looks very much like the baby went out with the bathwater. *Reading capital politically*, p.47/8, AK Press. Also at <http://libcom.org/library/reading-capital-politically-cleaver> Perhaps similarly Negri rejects Hegel for being a bourgeois thinker (which he was), and shares his friend Gilles Deleuze's visceral hostility to dialectics, even Marx's: "the dialectic is the form in which bourgeois ideology is always presented to us in all of its variants" (Negri 2000, p.20). This help may explain why Hegel is copiously absent from Virno's return to bourgeois philosophy.

36 'Autonomists' covers a very heterogeneous group of theorists here, we follow Steve Wright's terminology. It should be noted that the productivist orthodoxy probably belonged as much if not more to the Autonomists's roots in 'workerism' than the official Stalinist Communist Party, which was more interested in electioneering than struggles at the point of production. Wright's *Storming Heaven* provides a good study of the complex and heterogeneous genealogy of Autonomist Marxist thought [2002, Pluto Press, London; reviewed in *Aufheben* #11 (2003)].

picked up the workerist value production fetish and ran with it, in effect saying 'the working class is those who produce value? Well, housewives produce a commodity, labour-power, so they're also working class, and consumption is in fact the production and reproduction of labour-power, so even peripheral workers and the unemployed produce a commodity – themselves – and so are working class too.' Indeed, Virno's definition of the working class also remains true to workerism; "the subject which produces relative and absolute surplus value" (p.46).

It is this failure to challenge the centrality of value production to the proletariat that is one of the Autonomists's major failings. Why?

### 2.3 What is subversive in the proletarian condition?

So what do we suggest as an alternative to the purely positive definition of the proletariat as "the subject which produces relative and absolute surplus value"(p.46)? In an oft-quoted passage (indeed written in 1972, contemporaneously to *Autonomia*), Gilles Dauvé poses the proletariat as a negative category against those who would see it in positive terms:

If one identifies proletarian with factory worker (or even worse: with manual labourer), or with the poor, then one cannot see what is subversive in the proletarian condition. The proletariat is the negation of this society ... The proletariat is the dissolution of present society, because this society deprives it of nearly all its positive aspects ... Most proles are low paid, and a lot work in production, yet their emergence as the proletariat derives not from being low paid producers, but from being "cut off", alienated, with no control either over their lives or the meaning of what they have to do to earn a living.<sup>37</sup>

By negative definition, we mean that Dauvé draws not on the characteristics that the proletariat *has* (being productive, poor, blue collar...), but from what we are *denied*, what we are cut off from, and that this alienation, this negative moment, is precisely what makes the proletariat a (potentially) revolutionary force. The attentive reader may notice that this definition applies equally to say, first century Roman slaves and so is not adequate to define the proletariat as a historically specific class, for wage-slaves are not chattel-slaves, yet both are alienated in the way described. Thus this negative moment requires a positive moment.

Dauvé elsewhere notes that "everything appears to be the result of a free contract",<sup>38</sup> and it is this freedom which is the only positive aspect of the proletarian condition,<sup>39</sup> and which distinguishes proletarians from serfs or slaves. Proletarians are *free of* property from which to make a living, but they are also *free to* dispose of their labour-power at the dearest price they can get in the market place. As Marx puts it, the proletarian is

free in the double sense, that as a free man he can dispose of his labour-power as his own commodity, and that on the other hand he has no other commodity for sale, is short of everything necessary for the realisation of his labour-power.<sup>40</sup>

Thus the positive aspect of the proletarian condition (the freedom to sell oneself in the market) rests upon the negative (dispossession and alienation). This anyhow, deals with the proletariat 'in-itself,' as discussed in section one and the review of De Angelis in this issue, the class 'for-itself' engenders a further positive moment, which once more depends upon the negative moment.

This may seem to establish a figure of a 'pure proletarian,' and thus re-exclude housewives, asylum seekers, prisoners etc. who are forbidden to freely "dispose of their labour-power." However, what distinguishes the capitalist mode of production, which now spans the globe, from pre-capitalist social relations is that the *norm* is for individuals to be free to sell their labour power.<sup>41</sup> This norm is by no means monolithic, but where contradictory tendencies exist - for instance trafficked prostitutes or forced labour in Chinese brick kilns - they represent exceptions to this prevailing norm (often soliciting much liberal outrage as a result!), and they can thus be considered proletarian, much like a slave receiving pocket money from a benevolent master would still be considered a slave.<sup>42</sup> Indeed, capital accumulation in 'developing countries' where social relations most resemble pre-capitalist ones requires the extension of this double-edged freedom through dispossession of rural peasants and the creation of a wage-earning, usually urban proletariat.

The significance of this discussion becomes apparent with regard to Virno's view of social struggle:<sup>43</sup>

safeguarding forms of life which have *already* been affirmed as free-standing forms, thus protecting practices *already* rooted in society. It means, then, defending something positive: it is a *conservative* violence (in the good and noble sense of the word.) (p.43/4; emphasis in original)

As we have seen, the only 'something positive' we have *as workers prior to any struggle* is the freedom to sell ourselves to a boss! Virno states that this '*jus resistentiae*'

37 Gilles Dauvé, *The Eclipse and Re-Emergence of the Communist Movement*, Antagonism Press, London, date unknown, p.30. Also at <http://libcom.org/library/eclipse-re-emergence-giles-dauve>

38 Dauvé (date unknown), p.18.

39 We are talking here of the class 'in-itself' – the class 'for-itself' through the very process of struggle against alienation recomposes itself – see the section of the De Angelis review in this issue subtitled 'The Phenomenology of the Revolutionary Subject'.

40 Karl Marx, *Capital*, Volume I, Penguin, London, 1990, p.272/3 (chapter 6 for other editions). The fact a proletarian *has the right to* dispose of his labour-power does not mean he must, thus the unemployed are included.

41 A good articulation of the norm of bourgeois equality is expressed in Articles 1, 2, 4 and 23 of the Universal Declaration of Human Rights: <http://www.un.org/Overview/rights.html>

42 None of this is meant to detract from the fact that half the world's population, that is, women, in practice rarely enjoy even bourgeois equality with their male counterparts. However, Maria Dalla Costa correctly noted that the role of women is integrated into that of their wage-earning husbands, and so their practical inequality exists as a moment of a mode of production whose norm is equality. This can be seen by how painlessly (for it!) capital has integrated women into the labour market in the UK, to the point where it is now unaffordable for many working class couples *not* to both work, while bourgeois EU commissioners lament and legislate against the 'glass ceiling'.

43 He doesn't call this revolution, because he accepts the Leninist definition of revolution as the seizure of the state apparatus. <http://generation-online.org/p/fpvirno8.htm>

(right of resistance) is the strongest similarity between today's multitude and that of Spinoza's Dutch Republic (p.43).<sup>44</sup> Whilst on the one hand Virno is adamant that the concept of multitude does not replace that of working class (calling such a belief "a foolish way of thinking" – p.45), on the other hand his social subject is (positively defined) *the* multitude, which as we have shown can only be read as a humanist concept. Virno's concept of struggle applies best to those bourgeois individuals in the classless sphere of circulation who have something positive to defend – one can only think of the petit-bourgeoisie.

## 2.4 Exit?

It has been said of Hobbes that: "he saw classes, but did not see any politically important class cohesion."<sup>45</sup> Much the same could be said of Virno; the proletariat (or rather the 'labour class') exists as part of the multitude, but the multitude is his social subject. This stands starkly at odds with the notion of the proletariat as the negation of capitalist society; indeed a further example of Virno's petit-bourgeois theorising is when Virno must descend from abstract theoretical discussions into concrete politics:

The European labourers, driven away from their own countries by epidemics, famines and economic crises, go off to work on the East Coast of the United States. But let us note: they remain there for a few years, *only* for a few years. Then they desert the factory, moving West, towards free lands. Wage labour is seen as a transitory phase, rather than as a life sentence ... Marx, in describing this situation, offers us a very vivid portrait of a labour class which is also a multitude. (p.45)

Here, Virno's undialectical approach to the spheres of circulation and production resurfaces. Having defined the multitude solely in terms of the bourgeois freedom in the sphere of circulation, he argues that the 'exit' from wage labour - the movement from factory worker to small frontier landowner represents liberation. The multitude is defined as becoming petit-bourgeois! Embracing the bourgeois freedom of circulation against the despotism of production, Virno fails to grasp how said freedom and unfreedom presuppose each other. Thus we have a model of political action that has far more in common with class mobility - even the myth of

meritocracy and the American Dream - than self-emancipation. But elsewhere Virno has more to say:

I am not referring necessarily to a territorial exodus, but rather to desertion in one's own place: the collective defection from the state bond, from certain forms of waged work, from consumerism ... I am not referring to a form of simplified democracy, of direct democracy, of assemblies. I think for example of the post-Genoa social forums of citizens.<sup>46</sup>

Trapped in his Spinozan framework, blind to alienation in the sphere of production, Virno can only conceive of a 'citizens' democracy.' There is no place for class struggle, simply an inference that one should either drop out – avoiding certain jobs and buying less stuff - or simply become petit-bourgeois – anything to enjoy the bourgeois freedom of circulation (which as we have seen is dependent on the alienation Virno ignores). Steve Wright comments that "the form of flight from the capital relation most commonly held up by the exponents of 'exodus' is that of so-called 'autonomous labour': what in English goes by the name of self-employment."<sup>47</sup> Wright notes that other contemporary Autonomists have taken this even further, praising entrepreneurship "inserted within a market".<sup>48</sup>

Certainly this is where the call for a 'new public sphere outside the state' seems to join up with a kind of Thatcherism, praising the autonomous entrepreneurial initiative of the individual against stifling state authority – though it should be noted that Virno himself does not go so far. Despite the notional 'autonomy' of self-employment, *at best* (i.e. if the self-employment is any more than self-managed, outsourced wage labour) it essentially swaps one form of alienation (that of the proletarian faced with the boss) with another (that of the petit-bourgeoisie faced with a hostile market). It is certainly no threat to capital.

Wright also notes that "a more obviously social approach to the goal of an alternative economy outside capital's sway can be found within Italy's hundred or so social centres."<sup>49</sup> Perhaps these are what Virno has in mind? He doesn't say, but his search for an "exit" which is "the polar opposite of the desperate cry 'there is nothing to lose but one's own chains'" (p.70; i.e. the proletariat as negation) seems to lead him only to advocate lifestyle changes, cross-class discussions and attempts to avoid certain types of wage labour by joining the ranks of the petit-bourgeoisie. Thus, it is in his concrete politics that his adoption of one-sided bourgeois theories reveals itself in a good and noble conservatism indeed!

## 2. Value & 'virtuosity'

It is only having defined his subject in the sphere of circulation - and thus defined the multitude as a relation among bourgeois subjects (as in those enjoying bourgeois freedom, not those who own/control the means of production) - that Virno ventures into the sphere of production. Taking up the question of labour in contemporary capitalism, which he gives the epochal label

44 Where incidentally "life for the unskilled, and semi-skilled, in Dutch Golden Age society was neither affluent or easy. But the dynamism of the Dutch economy meant that there were good prospects for the highly trained to achieve affluence", p.352, Jonathan Israel, *The Dutch Republic*, Oxford University Press, 1998. Interestingly in light of this, theories of post-Fordism generally often privilege highly skilled workers, but of course in a 70%+ service economy like the UK for every freelance computer programmer there are many more catering staff (think Gate Gourmet), retail workers or far more mundane office jobs (admin etc). However Virno to his credit doesn't fall into the 'high skill' trap, insisting that it is the *generic capacity* for abstract thought, language etc. which is definitive, not their concrete manifestations; "A good example of mass intellectuality is the speaker, not the scientist. Mass intellectuality has nothing to do with a new 'labour aristocracy'; it is actually its exact opposite." <http://www.generation-online.org/p/fpvirno10.htm>

45 Hobbes (1988), p.60. Quote from C.B. Macpherson's introduction.

46 <http://generation-online.org/p/fpvirno5.htm>

47 <http://libcom.org/library/confronting-crisis-fordism-steve-wright>

48 Lazzarato, quoted in <http://libcom.org/library/confronting-crisis-fordism-steve-wright>

49 <http://libcom.org/library/confronting-crisis-fordism-steve-wright>

the “post-Ford mode of production” (p.49), he makes two inter-related arguments. Firstly, on the basis of a short passage in the *Grundrisse* he argues that with the development of the ‘general intellect’ and automation “the so-called ‘law of value’ [has been]... shattered and refuted by capitalist development itself” (p.100). Secondly, and in apparent contradiction, he argues that,

in post-Fordism, those who produce surplus-value behave - from the structural point of view, of course - like the pianists, the dancers, etc., and for this reason, like the politicians... Labour requires a ‘publicly organized space’ and resembles a virtuosic performance (without end product). (p.55; emphasis in original)

We will deal with these two threads, value and virtuosity, in turn.

### 3.1 Virno & value

The passage in the *Grundrisse*, from which Virno’s contention that the law of value no longer applies to contemporary capitalism, is the so-called ‘Fragment on Machines’.<sup>50</sup> It is curious that whilst acknowledging that in this passage “Marx upholds a thesis that is hardly Marxist” (p.100), he nonetheless offers little argument beyond an appeal to authority that “the ‘Fragment’ is a toolbox for the sociologist. It describes an empirical reality which lies in front of all our eyes” (p.101).

This begs the question, if production based on exchange value has indeed broken down on account of increasing automation (p.100), why more than ever does the present wealth appear as an immense collection of commodities?<sup>51</sup> Virno’s case is not helped by his confusing *value* with the *law of value*, but this is a mere aside.<sup>52</sup> A more serious problem is Virno’s reading of the ‘Fragment’ in isolation, and furthermore his treating of these mere 2½ pages of rough notes from Marx’s oeuvre with such elevated importance. Indeed he is aware it presents a hypothesis “very different from the more famous hypotheses presented in his other works” (p.100). Taken in isolation, Marx was simply wrong: there is no *automatic* undermining of the law of value based on capitalist production itself. However Marx wasn’t as dialectically challenged as Virno. While the ‘Fragment’ explores the logical development of a single tendency, Marx explores other (counter-)tendencies at length elsewhere. As we commented on Nick Dyer-Witford’s similar attachment to the ‘Fragment’ in *Aufheben* #14 (2006), read in conjunction with Marx’s later return to the subject of machines in Volume 3 of *Capital*:

We are no longer presented with an image of technological development producing a capitalist mode of production which has undermined itself. Contradictions and crises yes, but not a technological limit beyond which the relations of production have

become fetters upon the development of the productive forces. Rather the possibility of expanded accumulation of capital and of the wage form.<sup>53</sup>

Virno thinks Marx was right about the undermining of the law of value, but wrong about the resultant crisis. In effect he agrees with us that what we see is the “expanded accumulation of capital and of the wage form”, but wants to have his cake and eat it n claiming that this is happening despite the “so-called law of value” being “shattered and refuted”. So for Virno - blithely unaware of the counter-tendencies sketched by Marx - the coexistence of capitalism and advanced automation is a radical, unexpected scenario demanding radical theoretical comprehension. Thus we read that “post-Fordism is the communism of capital” (p.111), since according to Virno’s reading of the ‘Fragment’ as prophecy, production based on exchange value (i.e. commodity production) has broken down (communism), but we nonetheless still have capitalism.

But is this really the “empirical reality” (p.101)? Not at all, one only needs to note the glaringly obvious fact that firms still produce for the market, i.e. for exchange-value to realise the surplus-value included in the value of the commodities they sell, and thus to accumulate capital. And indeed firms still seek to reduce the labour time necessary to produce their commodities in order to compete and maximise profits (according to the law of value, reports of whose death have been greatly exaggerated); as but one example one need only look at the spread of casualisation, reducing necessary labour with short-term contracts meaning staff are only retained when there’s work to be done. And where some industries have become heavily automated, massively reducing the necessary labour and thus the value of the commodities they produce, newer industries have sprung up which are far more labour-intensive – 70% of the UK economy is now classed as ‘services’ – but which in turn are becoming rationalised in accordance with the law of value. Thus call centre workers increasingly read out what it says on a screen and tick boxes whilst under constant digital surveillance to ensure efficiency is kept up and necessary labour down.<sup>54</sup>

Yet another counter-tendency to the one outlined in the ‘Fragment’ is the flow of capital from capital-intensive (‘high organic composition’) to labour-intensive (‘low organic composition’) regions, as manifested by the shift in British manufacturing jobs to lower wage economies in Eastern Europe and the Far East. It barely needs stating that intellect alone produces nothing, and production in every era, ‘Fordism’ included, has drawn on the general intellectual development of the society in which it takes place, which furthermore is always ‘advanced’ relative to the present. Certainly though, Virno’s assertion following the ‘Fragment’ that wealth is no longer based on “the theft of alien labour

50 Karl Marx, *Grundrisse*, Penguin, London, 1993, p.704-6. This passage actually has the rather snappy title “Contradiction between the foundation of bourgeois production (value as measure) and its development. Machines etc.”

51 Indeed, increasingly stamped ‘Made in China’ ...

52 Virno’s ‘definition’ of the law of value - “labour time supplied by individuals” (p.100) – is in fact a rough definition of value itself. The *law of value* is the way in which this logic imposes itself (necessitating the rationalisation/intensification/extension of labour) via divergences in values and prices in a competitive market etc.

53 *Aufheben* #14 (2006), p.55.

54 In *The beginning of history* as well as in previous works De Angelis tries to counteract attacks on the validity of the Marxian categories of value and abstract labour which were based on the ‘relevance’ of immaterial/weightlessness in recent production. He stresses that capital finds ways to ‘measure’ immaterial activity, so as to extract value from it. We totally agree with De Angelis’s arguments, which we feel are very close to ours in *Aufheben* #14 (2006).



time”<sup>55</sup> tessellates with his avoidance of a dialectical conception of the proletariat as alienated subjects as discussed in section 2, so he is at least consistent with himself, if not with reality.

For Virno, “post-Fordism, hinging as it does upon the *general intellect* and the multitude, puts forth, *in its own way*, typical demands of communism (abolition of work, dissolution of the State, etc.)” (p.111). His claim that post-Fordism puts forward the abolition of work is based on his dubious thesis that “for the post-Fordist multitude every qualitative difference between labour time and non-labour time falls short” (p.102). This may be true for the academic who thinks, reads, writes and discusses at work (drawing on his generic human faculties for language and abstract thought), and thinks, reads, writes and discusses at home (drawing on his same generic human faculties for language and abstract thought), but the rest of us are still somehow miraculously able to discern a qualitative difference between being at work in a call centre and being on the phone with our mates, despite the brave new world of ‘post-Fordism’! However, it’s clear how this denial of the sphere of production’s separate existence fits with his classless definition of the multitude in terms of the sphere of circulation that we explored in section 1; indeed Virno is compelled to either conflate the two spheres or renounce his earlier arguments, and with them the basis of his multitude. Unsurprisingly he chooses the former.

Neither have working hours significantly decreased since the dawn of ‘post-Fordism.’<sup>56</sup> His claim that ‘post-Fordism’ puts forward the dissolution of the state is also dubious; while it’s true the *welfare* state is being dismantled, the state itself remains an essential part of the capitalist structure, and in many ways is being strengthened in the post 9-11 world. However, Virno is not finished. Having claimed that the development of automation has destroyed the law of value, he then turns to deal with the fact we are still nonetheless working, and capital is still being accumulated. Implicitly he accepts that the law of value has not in fact broken down when he turns to consider the extension of work which is far less easily automated, that which is inseparable from the human capacities of the worker, the kind of activity Virno terms ‘virtuosity.’

### 3.2 Virno’s virtuosity

So what then is virtuosity? For Virno, virtuosity is “an activity without an end product” (p.52). Furthermore:

... Virtuosity is twofold: not only does it not produce an end product which is distinguishable from performance, but it does not even leave behind an end product which could be actualised by means of performance. (p.56)

For Virno, virtuosity characterises “the totality of contemporary social production” (p.61). He is explicit that this does not mean material commodities are no longer produced, but that “for an ever increasing number of professional tasks, the fulfilment of an action is internal to the action itself” (p.61/2). He goes on to explain that the actions to which he refers are those aimed at enhancing co-

operation and teamwork etc, in line with ‘post-Fordist’ principles whereby the first-hand knowledge of the worker becomes explicitly requested as part of his allocated tasks (e.g. in Toyotist ‘quality circles,’ DuPont’s ‘STOP’ program etc.). Virno sees this as an extension of the real subsumption of labour under capital; “nobody is as poor as those who see their own relation to the presence of others, that is to say, their own communicative faculty, their own possession of a language, reduced to wage labour” (p.63). He argues that historically this ‘servile virtuosity’ was the terrain of non-productive personal services such as those of a butler, but now it has become the very paradigm of productive work itself.

Furthermore this virtuosity requires a “publicly organized space” (p.53). Virno tells us “this publicly organized space is called ‘cooperation’ by Marx” (p.55). Thus, given as ‘post-Fordism’ is based on cooperation (Virno says), productive labour becomes virtuosic under ‘post-Fordism.’ Before discussing the implications of this, it is worth questioning whether ‘post-Fordism’ is really as cooperative as the management gurus would have us believe. Beverly Silver (reviewed in this issue) distinguishes between ‘lean-and-dual’ Toyotism, which offers job security to a core workforce in return for cooperation while outsourcing everything else, and the ‘lean-and-mean’ ‘post-Fordism’ more often pursued outside of Japan which drops the job security carrot altogether.<sup>57</sup> With regard to the more widespread ‘lean-and-mean’ model, Gilles Dauvé and Karl Nesic note:

There’s a contradiction between having the worker use and valorise elaborate production procedures that require a lot more participation, and treating him as an expendable pawn.<sup>58</sup>

Indeed Silver observes that “without labour guarantees, automakers have found that it is very difficult to elicit the cooperation of the workforce; thus, the dynamic of labour-capital conflict has remained largely the same as in the traditional Fordist model.<sup>59</sup>

Thus it seems Virno’s “empirical realisation of the ‘Fragment on Machines’” (p.100) has little empirical basis in actually existing ‘post-Fordism’! But Silver was talking specifically of the car industry; perhaps it is different elsewhere, where production is more virtuosic?<sup>60</sup> Silver also shows a substantial growth in service sector labour unrest corresponding with the growth of the service sector, perhaps the most ‘virtuosic’ sector of all.<sup>61</sup> Once again Virno’s “empirical reality of the post-Fordist structure” (p.101) seems out of step with empirical reality itself. Where does this leave Virno’s virtuosity?

Despite the above reservations, there is no doubt some truth in the fact that, in post-industrial countries at least,<sup>62</sup>

57 Beverly Silver, *Forces of Labour*, Cambridge University Press, New York, 2003, p.66-7.

58 From the *Troploin* journal, <http://libcom.org/library/whither-the-world>

59 Silver (2003), p.68.

60 Virno actually gives the example of the car industry as virtuosic production (p.61), so we’re being charitable here.

61 Silver (2003), p.98.

62 To our knowledge no-one has yet tried to convince Third World sweatshop workers they’re ‘all part of the team’, though it wouldn’t

55 Marx (1993), p.705.

56 The average working week in the UK has actually slightly increased since 1970: <http://www.cipd.co.uk/subjects/wrkgtime/general/ukworkhrs.htm>

workers are often *required* to self-assess, self-monitor and self-improve. It is not unusual for instance for workers to have regular reviews at which they must show a certain number of improvements they've made to their productivity or working practices, or else be considered not to be doing their job properly. Where this is the case however it is the result of particular management strategies, which are by no means hegemonic – let alone hegemonic to the point that the generic activities of communication and cooperation make work and non-work qualitatively indistinguishable! Virno's book is subtitled 'for an analysis of contemporary forms of life' – certainly much has changed in work over the past three or four decades, and any theory must take account of changing reality if it is to avoid becoming mere dogma. Indeed, if we maintain Virno's Eurocentric<sup>63</sup> focus, traditional manual, blue-collar labour does seem to have given way to more mental labour, and has perhaps itself come to incorporate more mental aspects (or at least capital has tried to make it do so where Toyotist management techniques have been introduced).

Call centres perhaps typify the development of communication-as-production (at least where the call itself is a commodity, e.g. pay-per-minute services, and so the labour is productive labour), but there are a host of other jobs which fit with Virno's assertion that "thought becomes the primary source of the production of wealth" (p.64). What interests us however is not so much describing this situation but drawing out the implications for the class struggle. How do these changes impact on our capacity to resist in work and outside of it, seeing as we can still tell the difference? What opportunities are emerging for a class recomposition, perhaps taking advantage of more casualised employment to create a more immediate 'circulation of struggles' spread by more mobile workers?

However, Virno only draws out the implications for the multitude, as opposed to the class; via "disobedience, exit ... the true *political*, and not servile, virtuosity of the multitude" (p.70; emphasis in original). This 'political virtuosity' is only alluded to and left deliberately open (or non-committal lest his bourgeois politics become too visible when expressed in concrete proposals?). Indeed Virno seems satisfied to focus of the *content* of production rather than its *relations*, and as we have seen, whenever he is drawn on his concrete politics there is little that is a threat to capital, merely suggestions to drop out from 'certain forms of waged work and consumerism,' perhaps trying to become petit-bourgeois. He rejects the direct democracy of traditional forms of organisation thrown up by the class struggle, such as workers' councils and assemblies in favour of discussions by non-class specific 'citizens'.<sup>64</sup> In short, Virno seems less interested in overthrowing capital than, somehow exiting, co-existing, and only then exercising a 'right of resistance' to defend our autonomous virtuosity.

## Conclusions

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surprise us and is really no more absurd than in a Western office, being handcuffed to a sowing machine notwithstanding.

63 Silver would say 'core-centric', which perhaps better captures the point.

64 <http://www.generation-online.org/p/fpvirno7.htm>

We have shown that in returning to the bourgeois philosophy of Spinoza to critique liberal social contract theory, Virno adopts a bourgeois humanist perspective at the expense of class analysis. Thus his subject is the multitude, which while including the working class, is not itself a class but humanity in general, consisting of bourgeois individuals or citizens in much the same way as its putative polar opposite, the people.

Having rejected the negative moment of the proletariat as alienated subjects with nothing to lose but their chains, Virno can only seek to explain struggles outside of production, in particular the anti-summit mobilisations, in such humanist terms, and seeks to use the same analysis to explain patterns of contemporary labour. Yet we also showed that his analysis of contemporary labour is based on a Eurocentric management guru's idea of 'post-Fordism,' at odds with the reality that capital-labour co-operation is far less widespread than he asserts. Nonetheless he does spot a trend towards the expansion of mental labour as part of the extension of the real subsumption of labour under capital, but having failed to grasp what is subversive in the proletarian condition he is interested in this only to the extent it allows an 'exit' into some kind of autonomous production. Fetishising the positive moment of capitalist production and ignoring the negative, he laments that "the radical metamorphosis of the very concept of production belongs, as always, in the sphere of working under a boss" (p.101) without grasping that the boss cannot be separated from that positive moment since they are necessitated by the negative one.

But are we really being fair to Virno? Elsewhere he refers to "the multitude of Seattle and Genoa"<sup>65</sup> and that "the revolts of Seattle, Genoa, or Buenos Aires reveal the existence of new forms of life and subjectivity, and challenge us to create new political forms that harmonize with them."<sup>66</sup> Herein lies Virno's problem. Firstly, he sees radical novelty where a more sober analysis sees the re-emergence of pre-existing tendencies (for instance the tendency of the class in struggle to resist political representation is at least as old as the anarchism Virno is so keen to dismiss). Seattle and Genoa, while watershed events of sorts hardly represent 'new forms of life', and as we showed in our article on Argentina (*Aufheben* #11 2003) the reaction to the crisis owed much to the history of working class militancy there. Secondly, rather than casting a critical eye over the anti-summit protests and the financial collapse in Argentina, he seeks to 'harmonize with them'. Thus instead of grappling with the contradictory class interests expressed in these movements and grappling with their limitations, he makes them a muse for his theory. This is essentially the perspective of the sociologist; diligently observing, mapping ... the point is to change it!

If he were simply presenting a theory of the anti-summit movement, this would not be so bad. But Virno can only sustain his meta-theory by suppressing class subjectivity and antagonism for a 'new form of subjectivity,' the multitude, defined in the classless sphere of circulation and so leading him to deny any qualitative distinction between this and the sphere of production at all. Now he can appear to explain so much because he says so little.

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65 <http://generation-online.org/t/republicmultitude.htm>

66 <http://generation-online.org/p/fpvirno5.htm>

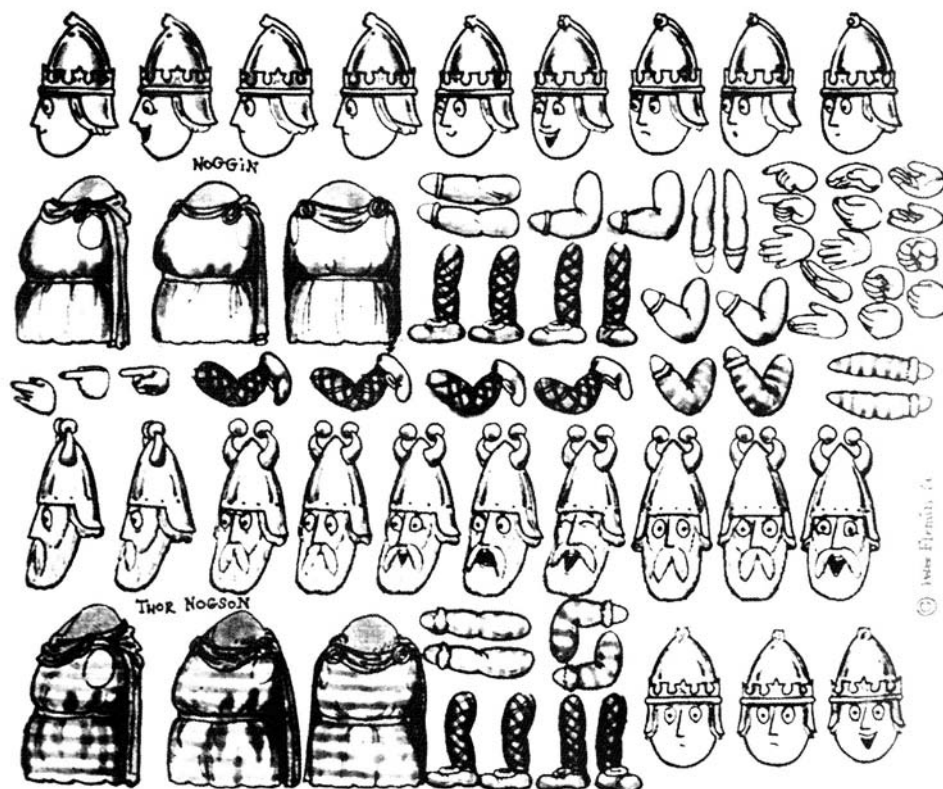
Thus Virno's model of political action consists doubly in a 'conservative violence' preserving 'already existing free-standing forms of life' outside of capital, and 'exit' seeking to get 'outside' to these 'free-standing forms'. This mirrors Massimo De Angelis's ongoing enclosures of the commons as the site of struggle – they both fail to grasp the subversive negativity that drives the revolutionary potential of the proletariat, so they both look to an 'outside' to capital in search of an antagonistic subject defending something positive of its own, which De Angelis would term a common.<sup>67</sup> The proletariat, necessarily 'inside' the capital relation is put to one side by these theories, which thus end up distinctly bourgeois. Thus despite Virno's insistence that the bourgeois declarations of the end of the working class are "a foolish way of thinking", like their authors he nonetheless locates agency elsewhere.

In Virno's defence, could it not be said that having mistakenly identified the working class as only those who produce surplus-value, his multitude is simply, in the best tradition of *Autonomia* a means to explain the potential of struggles outside the sphere of production? Maybe, but if so he's simply compounding the error by failing to grasp numerous dialectical relations;

the proletariat's positive *and* negative moments, the necessary relation between the spheres of circulation and production, the counter-tendencies outlined by Marx to the 'Fragment on Machines.' Consequently, we find his multitude no improvement on the Autonomist concept of class composition (which already contains within it implicit plurality). In fact in moving away from class antagonism, his theory represents a significant retreat.

### Postscript

*At the time of writing, September 2007, Virno has a forthcoming book due out a month or so after this issue of Aufheben titled 'Multitude: Between Innovation and Negation.' Will he modify his theory in the face of the now-distant anti-globalisation movement? The title suggests he may clarify his relationship to the more 'entrepreneurial' Autonomists and perhaps explain his evasion of dialectics and rejection of the proletariat as negation. But we at Aufheben know better than to judge a book by its title, so we'll have to wait and see...*

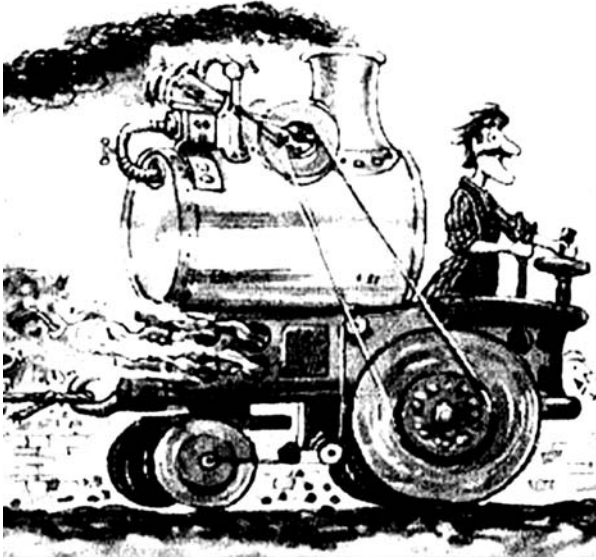


The Multitude

<sup>67</sup> One of the main differences between the two being that De Angelis focuses on the alienation of the marketplace, whereas Virno focuses on the alienation of knowledge in the state.

# Value struggle or class struggle?

**Review article:** *The beginning of history: Value struggles and global capital.* Massimo De Angelis, Pluto Press, London, 2007.



## Introduction

After the success of Hardt and Negri's *Empire* and *Multitude*, Autonomist Marxism gained popularity in the Anglo-Saxon world outside its predominantly academic circle. The latest Autonomist production on the radical bookshelf is *The beginning of history* by Massimo De Angelis. *The beginning of history* attacks theories that see capital as a totalisation and explains to the reader that, beyond the reified relations of capital, there is 'life' – actually existing alternative social relations. These social relations are experimented with by 'communities' newly created around struggles, but also by any traditional community which has not yet been subsumed by capital or which resists subsumption.

*The beginning of history* is a book about antagonism and struggle against capital. It tells us that a continual conflict between 'life' and the reifying force of capital defines a war front which separates what is subsumed and commodified by market forces and what these 'communities' still share and control – their 'commons'. Ongoing and irreducible antagonism between capital and a subject is then created around the battle between enclosure and defence of 'commons'.

At a first casual reading, this theoretical book seems to aim at young, anarcho and/or liberal, participants in recent anti-capitalist events such as anti-G8 gatherings and demonstrations. It presents reader-friendly anecdotes, in which De Angelis himself appears as a character. Child De Angelis watches demonstrations from the balcony in Milan. Grown-up De Angelis participates in anti-G8 gatherings armed with cute child. Social being De Angelis negotiates the use of his kitchen with his wife. Etc. These little stories aim to explain basic concepts (such as the social nature of 'risk', space, and perception of time), to readers who are assumed to be politically uneducated and unable to

understand the meanings of their own experiences by themselves.

Yet besides this apparent opening up to the uninitiated, the style of this book betrays the academic and self-referential attitude of current day Autonomist writings. De Angelis dots his book with words of Spinozian or postmodernist flavour that are so fashionable among the Autonomist clique, such as 'telos', 'conatus', 'loops', 'discourse' and 'discursive' – more to mark a cultural allegiance rather than to add anything to his arguments.<sup>1</sup> Obscure words such as 'cataclastic' are thrown at our face and only explained many chapters later. Authors who are not known by his ostensible readers such as Leontyev are invoked as authority without a footnote. Last but not least, key concepts such as 'alienation', 'fetishism' or 'necessary labour time' are freely used without explanation. This dismissive attitude towards the inexpert reader is even more irritating as it jars with the patronising anecdotes.<sup>2</sup>

This style is matched by the content of the book. *The beginning of history* seems to be written mainly as a response to questions opened up by preceding Autonomist authors, especially Hardt and Negri. De Angelis enters into a theoretical debate with them, appealing to their shared Autonomist tradition – a tradition that stresses subjectivity, antagonism, and the refusal to accept capital and its laws as objective constraints. This tradition was paradoxically flipped upside down by Negri's vision of 'Empire' as a totalising power, whose new form of production even involves and defines our own subjectivity.<sup>3</sup>

As we saw two years ago in our article on *Multitude*, the main shortcomings of Hardt and Negri's recent development come from their adoption and re-elaboration of bourgeois theories that celebrate alleged fundamental changes in 'late' capitalism such as post-Fordism, the 'weightless economy', a shift from a society that tends to

<sup>1</sup> These words are often redundant. For example, throughout the book 'telos' is always followed by an alternative paraphrase, which could be used on its own without altering the meaning of the sentence: 'sense of direction' (p. 30), 'purpose' (p. 56), 'value practice' (p. 61). etc. Similarly, on pp. 67 and 86 'conatus' is followed by 'self preservation', which would have been sufficient on its own.

<sup>2</sup> Also the amazing diagrams that decorate the book are devised in order to impress the reader rather than to explain much. They display a variety of arrows and lines (zig-zag, fat and thin); boxes (square and oval, round and trapezoidal), etc., but De Angelis often does not bother to explain why he uses the one or the other. Obscurity, it would seem, makes these diagrams more fascinating. They often mean something that can be summarised with a short sentence: for example 'Figure 3' on p. 73 simply means: 'production and reproduction are connected throughout the globe'. We wouldn't have known that, without being flabbergasted by this entanglement of ovals, arrows and mysteriously dotted and non dotted straight lines.

<sup>3</sup> See 'Keep on Smiling, Questions on Immaterial labour', *Aufheben* #14, 2006.

despotically command individuals to one where individuals internalise capitalist control, or where capital has accomplished 'the end of history'. Negri reappropriates a wide range of texts from bourgeois academics and managerial gurus to radical academics like Foucault, and proposes his own vision of the present as a postmodern world where production is 'immaterial' and where it is more appropriate to speak about 'Empire' than capitalist imperialism and of 'multitude' than working class.

This view was the culmination of a process. Since the '70s Negri had theorised that capitalism had fundamentally changed and a 'law of command' had replaced the law of value. The step to considering the Marxian categories redundant altogether was very short. Negri quickly declared that value and its source, abstract labour, were not measurable anymore in the new 'immaterial' production system. Autonomist Marxists such as De Angelis, Cleaver and Caffentzis took Negri's 'law of command' onboard but tried to reconcile it with Marx. They accepted that value was intimately connected with command and discipline but maintained that valorisation was still based on abstract labour.

In *The beginning of history* De Angelis then moves on to the offensive against Negri, by showing why human activity, even the most 'immaterial', is still subjected to measure by capital. Part of his book summarises years of work on this issue: De Angelis convincingly argues that immaterial and 'weightless' production defines labour as abstract labour and that immaterial production ultimately depends on the 'material' production of e.g. food or clothing done at a global level. This effort, we think, deserves recognition.

But perhaps more worryingly for De Angelis, Negri uncritically adopted theories that see the present system as a closed system, without an 'outside'. In re-elaborating his favourite bourgeois and post-modernist theories Negri simply inverts them by trying to show why this new world has got a silver lining: capital's production, by virtue of its immateriality, defines the workers as a potentially emancipated subject. Coherently Negri resigns to 'Empire' and its totalising dynamic and insists that we should help push through 'Empire', not resist its development.<sup>4</sup>

Although De Angelis praises Hardt and Negri's stress on the 'positive', he can't accept their positive attitude to 'Empire'. His book is deliberately called *The beginning of history* against the theorists of the end of history with capitalism<sup>5</sup> and is keen to stress that capital is not a totality, to the exaggerated extreme of refusing to use the word 'capitalism' (because the use of this word may dangerously suggest totalisation). De Angelis theorises our continual antagonism with capital, based on ongoing conflict between 'communities', and capital's attempts to 'enclose' their 'commons'. We cannot, and must not, 'push through' 'Empire', instead life has to prevail, and destroy this reified social relation.

De Angelis borrows the concepts of 'common' and enclosure' from the historical process that established capital

– the dispossession from Medieval peasants of their lands as well as of swamps and woods that were used in common, and the creation of a class of dispossessed, the proletariat. In the years that preceded the publication of *The beginning of history*, De Angelis had been involved in *The commoner*, a magazine that invited political theorists to rethink the traditional Marxist categories in terms, precisely, of the concepts of 'commons' and 'enclosures'. *The beginning of history* sounds as stimulating as his magazine. Re-thinking our usual analysis through different conceptual tools may help us to discover aspects of reality and realise some limits of our analysis which we would not have noticed had we kept on treading the same footpath.

De Angelis sees in the concept of common and enclosure a central explanation of our ongoing antagonism with capital. While the proletariat, following enclosures, was eventually forced to accept its condition of being exploited and dispossessed by the 'silent compulsion of economic relationships', enclosures were 'crystal-clear relations of expropriation' and violent destruction of community life. According to De Angelis, antagonism in this case was clear and uncompromising, as clear as the delimitation between capital and its 'outside'.



Yet enclosures did not stop at the prehistory of capital. For De Angelis, enclosures should be considered as 'fundamental pillars' of capital's power. Capital needs to increasingly commodify areas of life, but also re-enclose 'commons' established through struggle. Since capital's power is the result of a battle with the antagonistic subject, there is always something to re-enclose – squats, free raves, as well as state-run concessions to the working class like free healthcare or education. Also, the environment as well as peasants' land can be 'enclosed' through pollution, or by building a new dam. The cyberspace, and general knowledge, so dear to many Autonomists, are (virtual?) 'spaces' that capital can enclose too. These are all 'commons'.

The idea of enclosures as something that do not only happen extensively towards areas which are not 'capitalist', but intensively, within full-fledged capitalism, is seen by De Angelis as a big theoretical advance.<sup>6</sup>

<sup>4</sup> And vote 'yes' for the European Constitution in France.

<sup>5</sup> The title echoes that of *The end of history and the last man* by Francis Fukuyama, which is an apology for liberal democracy and proclaims the end of history in fully developed capitalist relations.

<sup>6</sup> Many Marxist authors, for example Rosa Luxemburg, had theorised the necessity for capital to expand to new areas. De Angelis's novelty is to redefine 'enclosure' and 'capital' in order to

Interestingly, De Angelis makes clear that ‘enclosure’ is not just about material space or goods, it is about social relations. Any ‘communities’, both traditional communities and groups formed around struggles, even around traditional strikes, ‘experiment’ with direct social relations that are different from, and alternative to, those of exchange. Their enclosure is the re-imposition of market relations. At the same time, the enclosure deprives us of our ‘commons’ – if not means of productions, some broadly defined ‘space’ that makes us somehow ‘less dependent’ on market relations for our reproduction.

This ongoing battle explains why there is always an ‘outside’ of capital for De Angelis: capital needs to continually enclose and continually generate antagonism.

This theory is novel, coherent, and clever. It appears to encompass radical struggles to defend squats; strikes; battles to save public services from privatisations; environmental protests; and, importantly for De Angelis’s grip on his clique, the Autonomists’ concerns about the imposition of intellectual property. But it also includes peasants’ and small traders’ struggles against the effects of global capital – the construction of dams that threaten land, the corporations’ threat to small coffee or banana traders, etc. De Angelis is proud to claim that his concepts of ‘enclosure’ and ‘commons’ are able to summarise the multi-faced attacks by what he calls ‘the neoliberal strategy’ and ‘globalisation’, as well as the recent class struggle at the global level after the collapse of the Berlin Wall. On the top of this inclusiveness, this theory attacks bourgeois theorists on the ‘end of history’, and is healthily founded on a clear stress on subjectivity and antagonism.

So what does Aufheben have to criticise? In many senses there is much that we share with De Angelis. De Angelis’s stress on collective action, and his insistence on trying to understand capital as a social relation strikes a chord with us. We also agree with his insistence that going beyond capital is only possible through the creation and experimentation of social relations alternative to the market. Last, but not least, we share his rejection of Negri and Hardt and of theories of totalisation, an issue that we considered last year in our article on Moishe Postone.<sup>7</sup>

Yet there are problems. First, De Angelis’s idea that the antagonistic class identifies itself ‘outside’ capital, around spaces that capital has not enclosed, is a bit too simplistic. On the one hand, we can see how this view is coherent with the traditional Autonomist theme – the stress on a revolutionary subject that defines itself autonomously (and positively) against capital. However, on the other hand we can see that our collective identification as the revolutionary subject can only be the result of a process, in which ‘inside’ and ‘outside’ interplay and give meaning to each other (Section 1).

But there is a second problem. De Angelis’s theory focuses on ‘enclosures’ as the ‘pillars’ of capital’s dynamic, and abandons the centrality of capitalist production. In Section 2 we will see why the sphere of production in capital and the sphere of circulation, the market, are two aspects of capital that need to be considered in their opposition. We

will also see that only by considering the sphere of production as distinct from the sphere of circulation can we disentangle the secret behind capital as ‘a social relation’ – it is a material relation between a class of individuals who get continually dispossessed, and another class who base their power and wealth on this process. Going back to De Angelis, we will see how this book is a lucid and coherent continuation of a trajectory that has led *Autonomia* to reduce capital to the sphere of circulation. We will also show that this reduction means to substitute a perspective of the proletariat with the more universal perspective of the bourgeois individual.

Finally, in Section 3 we will see that the most important implication of his theory is that it ends up in abstraction and moralism and has nothing to teach those like us who are involved in struggle.

## 1. Outside and inside

### 1.1 From worker to commoner

In *The beginning of history* the theorisation of ‘commons’ and ‘enclosure’ is, centrally, the theorisation of the roots of revolutionary subjectivity. For De Angelis, we can identify ourselves as a subject against capital only because there is an ‘outside’, something that is not capital. There is a common that capital has not yet enclosed, and a community based on relations that are not those of the market. This is the basis for our positive identification, autonomous from capital.

With *The beginning of history* De Angelis takes another important step in the broad Autonomist project, the theorisation of the ‘autonomy’ of the revolutionary subject and its positive affirmation against capital.

This project was the child of the historical moment in which *Autonomia* emerged in the ‘70s. That was a revolutionary moment for the Italian working class. The participants in struggles in key industrial workplaces had acquired consciousness of their collective power. The class struggle had dissolved the veil of commodity fetishism, of ‘objective’ economic necessities: there was nothing necessary or objective, it was clearly a matter of direct political confrontation between classes. In the excitement of the times, theories that subordinated the dynamic of class struggle to crises and other objective mechanisms of capital were exposed as insufficient: there was the need for a theory that could clearly see, and declare, the working class as having the power to impose its autonomous will on the bourgeoisie.

In this context Negri’s rejection of the law of value made sense. The class had moved history to a point where the objectification of capital had been shaken and the bourgeoisie was forced to impose its will on an explicitly political level – the law of value was replaced by the ‘law of command’. However, after the defeat of those struggles, the abandonment of the law of value started making less sense. But also the focus on an antagonistic subject to capital became a problem.

*Autonomia*’s original theory of class ‘autonomy’ saw this autonomy not as the result of a process, but as something absolutely true and always there. This is why, when the class struggle of the ‘70s was defeated, *Autonomia* was left with a big puzzle to solve: how to find where the ‘autonomous’

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describe any conflict, including, as we see in the text, struggles against the privatisation of public services, etc.

<sup>7</sup> See ‘Moishe Postone, Capital Beyond Class Struggle?’ *Aufheben* #15, 2007

subject had gone.<sup>8</sup> Since then, the history of *Autonomia* has been the history of the search for the latest ‘recomposition’ of the class, for the new (hidden) ‘subject’ that positively identifies itself against capital.



Looking for the autonomous subject

But as potentially revolutionary times were over, the tricky bit was to find the basis for such a positive affirmation. In the general poverty of the concrete experience of struggle and power, Negri seeks to found a positive and antagonistic subject directly on aspects of capital’s production itself: skills or activities connected to aspects of ‘immaterial’ production.<sup>9</sup> Capitalist production itself is seen as a fetish, holding the secret of our revolutionary subjectivity – Negri fetishises production to the point to explain why activities or skills in immaterial production are inherently anti-capitalist by virtue of their own ‘immateriality’. Utilising the concepts of ‘commons’ and ‘enclosures’ (which seem quite a fashionable thing to do<sup>10</sup>) Negri resorts to say that, thanks to the inherent properties of immaterial production, we produce ‘in common’ and outside capital’s control, but then capital comes and ‘encloses’ what we have produced. Yet the sad truth is that immaterial production is defined by capitalist production, and so are both its product as well as the ‘subjective’ aspects of production.

As a faithful disciple of *Autonomia*, De Angelis is involved in this search for a positive definition of the antagonistic subject. But he understands that Negri’s fetishism of immaterial production implies the logical conclusion that capital is a constitutive totality. It is not good enough to say that an activity is ‘done in common’ if it’s still defined within capital’s social relations and an integral part

of capitalist production. De Angelis’s insistence on looking at actual direct social relations, especially relations of struggle, is his answer to Negri, based on a clear understanding of Negri’s impasse – an answer that we share to a large extent.

### 1.2 Is a common really outside?

Although we agree with De Angelis that antagonism and subjectivity are realised as actual social relations through struggle, we have problems with his concepts of ‘outside’ and ‘commons’.

De Angelis’s insistence in looking to a clear-cut ‘outside’ is an answer to a false problem. The Autonomist stress on the ‘positive’ (our being autonomous from capital) comes out of a reaction to theories that stress the ‘negative’ (our being part of capital): a reaction to a view of capital as an objectified machine with its own dynamic independent from us. Such a view would see the working class and its subjectivity as cogs of this machine.

This is then the dilemma: once the working class is labour for capital, and looks at its class interests in terms of wage earners, how can it possibly develop any revolutionary consciousness which points outside capitalism? In our article on Moishe Postone last year, we argued that such a dilemma starts from a fundamental mistake: in such a closed view the working class is considered as labour already subsumed into capital – this abstraction cuts off *class struggle*: the concrete process of subsumption and our resistance. By retaining the concrete aspects of class struggle, we showed in that article how the subject can actually emerge as an antagonistic subject from within the daily relations of wage-work and exchange. We thus saw that the dilemma of capital as a totality is an unnecessary problem.

*The beginning of history* aims to give an optimistic and radical answer to this dilemma, but it accepts the basic premise that labour is once and for all subsumed to capital within the wage-work relation, under the ‘silent compulsion of economic relations’. So he must look outside of capital, to what is not ‘enclosed’ yet. However, when we consider that capital must always posit labour as non-capital, and must therefore struggle in order to subsume it, we realise that De Angelis’s stress on enclosures is a solution of a false dilemma, as capital can never totally ‘enclose’ us!

On the converse, De Angelis’s stress on ‘community’ as an ‘outside’ is an unnecessary simplification. When De Angelis gives us examples, he always needs to qualify them. Traditional family relations are subsumed under capital and often their direct relations turn into means of direct and despotic exploitation. Communities in the developing world increasingly base their survival on seasonal wage work and on trade. Organisations in struggle get into all sorts of compromises with the market and the state and turn into co-ops and NGOs. The individuals involved in squats and other urban struggles still need the market to reproduce themselves. De Angelis’s stress on a neat ‘outside’ leads him to admit the existence of a puzzling psychopathic schism: it is true that we are outside when we deal with direct social relations of family, community and comradeship, but we are ‘also’ inside. De Angelis describes a collision of ‘values’ within the individual due to this dual experience.

Similarly, De Angelis’s concept of ‘commons’ as something that capital has not ‘enclosed’ yet is an abstraction that screams for qualifications when he tries to apply it to

<sup>8</sup> On pp. 37-38 in *Aufheben* #13, 2005 we discuss the theoretical importance of Harry Cleaver’s Unbelievable Class Struggle Lens.

<sup>9</sup> Similarly, Paolo Virno sees the potential for an autonomous subject in what he sees as capital’s reliance on generic cognitive faculties inseparable from the ‘multitude’ as the primary means of production, productive activity he terms ‘virtuosity’. See article in this issue.

<sup>10</sup> Also George Mombiot has recently adopted ‘commons’ and ‘enclosures’...

real examples. De Angelis ends up in absurdities when he conceptualises commons as something that capital has not 'enclosed'. On the one hand, he calls the national health system a 'common', which campaigners try to defend from the 'enclosure' of privatisation. Yet on the other hand, he agrees with Foucault that state-run hospitals are capital's means to control our bodies and minds – so how can they be 'commons'?<sup>11</sup>

Of course, there is something true in what De Angelis tells us. It is true that capital's relations of exchange always overlap with direct relations and that these are a necessary human background for building solidarity. Any social setting within capital, including the workplace or the school, contradictorily host both capitalist relations of competition as well as direct relations of friendship – and in fact going to school or to work is for many people a primary way of enjoying some form of direct social relations.<sup>12</sup> Yet capital has coexisted with direct social relations, often subsuming them. No friend or family relations have ever threatened capital simply by virtue of being direct, non-capital relations.<sup>13</sup>

In the next section we will see that this impasse comes from the fact that De Angelis fetishises his abstract idea of 'direct relations', assumes them as already consciously 'outside', and as a result celebrates them as they are.

### 1.3 The phenomenology of the revolutionary subject

A second abstraction which is intimately connected to the neat separation of 'outside' and 'inside' is that enclosures, unlike wage-work relations, appear as clear-cut relations of expropriation and generate clear-cut antagonism. Again, this abstraction screams for qualifications every time we think to the real thing.

To start, De Angelis's account of the historical enclosures is a simplification of a process that lasted hundreds of years and was uneven and complex. Enclosures in Britain were often initiated by the most powerful members within the 'community' itself, the yeomen. Despite the fact that the 'community' still shared the commons of woods and marshes, this did not stop it undergoing a process of disintegration and polarisation into farmer capitalists and rural waged workers!

If we look at what happened during enclosures without romanticising it, we see that the concept of 'common' doesn't explain what happened. During the process of historical enclosures, the mere fact of having shared commons did not define a 'community' as a unity and did not constitute capital as a clear external enemy. What really counted in the process were the social relations: the material (and class) interests of the individuals involved in the process and how these changed. This is true when we consider the present, too. Like the historical enclosures, the

modern 'commons' presents all the problems and contradictions of the historical commons. As then, no 'common' can be fetishised as holding the secret for solidarity and comradeship in a struggle. The way a struggle is fought, and whether it is likely to be recuperated, depends on the social relations of those involved.

This is Marx's prescription for starting an analysis of reality without falling into idealism: to look at 'the real people and their intercourses', which he gave in *The German Ideology*.<sup>14</sup>

Looking at the social relations means to look at the whole way we interact. This includes the aspects of our relations that are 'inside' capital as well. In fact our relations as being 'inside' capital are crucial in defining our solidarity among us and our opposition to capital. Let's consider for example struggles like those of the Diggers, who tried to repossess enclosed commons. The Diggers returned to expropriated lands not as yeomen and peasants defined within pre-capitalist relations outside capital. Rather, and crucially, their identity had been forged through their experience as dispossessed and exploited, as well as through their political and militant participation in the Civil War, their dream of changing the world, and the ensuing betrayal of the revolution by Oliver Cromwell. It was not an old relation to the land but their a new and complex relation to capital that made the Diggers equals and comrades.



People outside Capital

At any time in the history of class struggle in capitalism, it is *our relation to capital* as the alienated and the exploited class that creates the potential to identify capital as our enemy. A free rave or a squat is not merely a

<sup>11</sup> He dodges the problem by saying that hospitals are capital's means of control, but they are *also* commons.

<sup>12</sup> As we try to say in this article, only through struggle direct relations become increasingly free of these contradictory aspects, as they become increasingly conscious of their opposition to capital.

<sup>13</sup> De Angelis gives to this phenomenon of co-existence a good Greek name – 'homeostasis'. It seems that 'homeostasis' takes into account the fact that there is a balance of forces, so it renders the tension between the 'inside' and the 'outside'.

<sup>14</sup> Karl Marx and Frederick Engels, *The German ideology*, Ed. C. J. Arthur, London: Lawrence & Wishart Ltd.1970.



battle around a common. For the proletarian who is involved in such activities, free events and conquered urban spaces are challenges to the rule that we have to work for a wage in order to afford anything we need. They are challenges to the bourgeois truth that any imaginable form of activity must take the form of a waged activity, and that the use of things must take the 'natural' form of a consumption of commodities. Similarly a struggle to stop the privatisation of the National Health Service is not simply a struggle to defend a 'common' outside capital but a struggle to defend the level of the social wage.<sup>15</sup>

It is true that this relation to capital is a negative moment. However, this negative moment needs a positive moment: our potential to identify capital as enemy can become real only if we become conscious of it. How? We can identify capital as our enemy only if we become conscious of ourselves as the antagonistic subject. But this consciousness is not immediately present as soon as a struggle or movement begins: it can only emerge out of the direct relations created through struggle, our experience of solidarity, our conquest of power, and so on.

This is a dialectical process, where the positive and the negative need each other. On the one hand, only because we are the alienated and the exploited class, do we have a chance to identify capital as the enemy. This is the negative moment (of being in capital as labour and reacting against this). On the other hand, we need the positive moment, the experience of struggle, in order to realise our consciousness of antagonism. This is the positive moment (the realisation of being an 'autonomous' subject which is against capital).<sup>16</sup>

The problem with De Angelis, as well as the whole of Autonomist thought, is that they don't have very good dialectical skills. They just dive face down into the exciting but one-sided aspect of class struggle as a purely positive moment and fetishise it. But in doing so they don't see that they fetishise an abstract idea of 'direct social relations' as immediately 'outside'. The result is a schizophrenic view of 'communities' and individuals, whose necessary 'inside' and 'outside' aspects coexist side by side as two worlds apart.

In the same way as De Angelis insists on having a clear-cut separation of 'inside' and 'outside, he also logically separates the process of dispossession as 'enclosures' from the process of imposition of discipline through 'the market'. In the next section we will consider this separation.

<sup>15</sup> It is an irony that, after years of expecting a struggle for the social wage, a faithful Autonomist like De Angelis prefers to see the struggle against privatisation of the health system as a struggle to 'defend a common'!

<sup>16</sup> The dad of the dialectic G. W. Friedrich Hegel teaches us that the positive and the negative are two aspects that reflect each other: 'The positive is the identical relation to self in such a way that is not the negative, while the negative is what is distinct on its own account in such a way that it is not the positive. Since each of them is on its own account only in virtue of not being the other one, each *shines* within the other, and it is only insofar as the other is'. *The encyclopedia logic*, Indianapolis: Hackett Publishing, 1991, Paragraph 119. Let's notice, though, that for Hegel the opposing sides of reality are aspects of a unity that is already there within the ideal Spirit. This harmony doesn't exist for us and Marx. The supersession of existing oppositions (positive and negative, inside and outside etc.) has to be concretely achieved through active *class struggle*.

## 2. Production and circulation

### 2.1 The two spheres of capital

When De Angelis presents his concepts of 'enclosures' and 'commons' he gives us plenty of quotes from Marx, cut out from various contexts, which serve to suggest that Marx would not disagree with his stress on enclosures as an important 'pillar of the capitalist regime'. In fact Marx disagreed with attempts, made by other economists, to explain how capital works on the basis of the way it established itself historically. For example, in the *Grundrisse*, he wrote:

It would therefore be unfeasible and wrong to let the economic categories follow one another in the same sequence as that in which they were historically decisive. Their sequence is determined, rather, by their relation to one another in modern bourgeois society, *which is precisely the opposite* of that which seems to be the natural order or which corresponds to historical development. (*Grundrisse*, 'Introduction', p. 107, our emphasis).

Why is it so important not to fall in the trap of re-interpreting capital in terms of its historical development? What do we miss if we do this? We miss the understanding of the peculiar dynamic of capital, a mechanism that reproduces our dispossession in a way that appears the result of a 'silent economic compulsion'. We have seen that De Angelis's book avoids focusing on this process as if it were less interesting. He prefers to stress enclosure as the fundamental mechanism of dispossession in capital – because enclosure, when sufficiently romanticised, appears an obviously antagonistic process.

It is true that capital established itself through dispossession enacted by enclosures and that this dispossession is still real today for the working class – but it persists within established capitalism *in a new form*.<sup>17</sup>

After the historical enclosures, capital established itself as a system with two aspects or 'spheres', opposite but necessary to each other. One is the sphere of circulation – the market. In this sphere we are all individuals relating through exchange of commodities. In this sphere we are all absolutely (and abstractedly) free. In exchange there is no direct command imposed from person to person; there is only the impersonal rule by the laws of the market – objective conditions on our freedom, which belong to the commodities themselves. In the sphere of circulation there are no classes, only individuals, nominally all equal, and all equally subject to these impersonal laws. And, importantly,

<sup>17</sup> Werner Bonefeld contributed to *The commoner* n. 2 with an article which stresses that the primitive accumulation established the separation between producers and means of production in capitalism. But, unlike De Angelis, Bonefeld says that this 'historical act' of dispossession persists within established capitalism in the new form of wage relations. As dispossession undergoes this important change of form, this is the form that Bonefeld needs to address in order to analyse capitalism as a class system. Indeed, with exception of his introduction and conclusion, most of his article is *not* about enclosures, but *wage work*, and is very close to what we say in this section. See 'The Permanence of primitive Accumulation', *The commoner*, n. 2, September 2001, <http://www.thecommoner.org>.

there is no dispossession in this sphere, as we exchange equal values.<sup>18</sup>

This sphere of freedom and equality is only one aspect of capital. The other aspect is the sphere of production, which is the sphere of despotism and inequality. Capitalist production starts from, and ends in, the dispossession of the proletariat. Not having access to means of production, we can only sell our labour power – that is we can only offer to work for those who own the means of production.

By producing for a wage, what we produce is not ours, but is produced as capital, a force that confronts us as an enemy. Only a production aimed at creating commodities for a wage can then create capital as value that appears to self-expand, based on our exploitation.

By selling our labour power for a wage we are alienated, separated, not only from the things we produce, but also from the reason why we produce them, the ideas on which these products are made, and the way this production



The People: The Commoners enjoy a simple life, with plenty to eat and drink. They like excitement but dislike violence and unreasonable behaviour. They drink rather a lot of home-brewed beer and sing out of tune.

is organised. Thus, within this process of alienation, any human activity, including technical and artistic creativity, eventually becomes part of an alien force. So, in an ontological inversion, we become nothing while capital faces us as the alien result of human creativity and productivity.

The particular way we produce today, which is one with the way we are expropriated day in day out, has important subjective aspects. An aspect is the way we experience the expropriation, or better, the material alienation involved in the process of production of commodities for a wage. This is the aimless, boring, repetitive character of wage work. Aimlessness is one with

<sup>18</sup> The features of market exchange do *not* exclude the existence of practices that breach its fundamental freedom and equality. An easy, but liberal, criticism would be to point at exceptions (forced prostitution, etc.), which would be condemned by the bourgeoisie itself. But Marx did something better: he found out that the freedom and equality of the sphere of circulation (even if it worked without exceptions!) is a *structural* part of a mechanism that enslaves the proletariat. This is more powerful than to pick at exceptions and accuse bourgeois freedom of being 'corrupted'. In *Multitude*, Negri precisely follows this route, abandoning Marx's fundamental attack on the bourgeois system, and ultimately making an apology for ideal bourgeois freedom and democracy.

the fact that we what we produce is alien from us, so it is one with the fact that we work for a wage.

There is a second, related, subjective aspect. Despite many of the managerial delusions of Toyotism and other talk about 'participation', the truth for the capitalist is that she cannot rely on the workers' interest in the productivity of her business. Since we are obliged to engage in activities that are useless for us, and don't even constitute exchange value that belongs to us, capitalist production implies the exercise of discipline on the worker. This discipline cannot be fully internalised, as we have nothing to gain from work, except a wage.<sup>19</sup> This is why this discipline must be direct, and this is why compulsion and despotism in production is the other side of the coin of the freedom and equality of the market.

The sphere of production therefore implies the inescapable antagonism between 'capital' and 'labour', which

is an inherent contradiction in capitalism. This antagonism is not an antagonism between 'people' and an abstract enemy, 'capital', and not just a question of individuals reacting to 'discipline', but a concrete antagonism between classes.

The sphere of production shows that society is not made up of equals. One class, the proletariat, is dispossessed and reproduces its dispossession through wage work relations. Another class owns (and/or controls<sup>20</sup>) the means of production and see their wealth and power reflected by the expansion and power of capital.

Marx's achievement was to show how the spheres of production and circulation, which seem so opposite, are

therefore two aspects of the same system and need each other to exist. In production we create a world of commodities that is alien: it does not belong to us unless we pay for each commodity we need, so it obliges us to earn a wage again and again to reproduce ourselves. This way the two spheres of capital feed each other in a vicious circle.

In producing commodities for a wage we reproduce the material conditions that oblige us to face the market and its laws as 'natural' and objective. On the other hand, by being free to buy and sell, we can only sell our labour power, and feed capital.

The distribution of wealth and privileges in capitalism then is not the result of the random working of the market where some individual is more unlucky than others: capital's power is based on a production that starts and ends with the systematic dispossession of a class. It is a bourgeois ideology that the market opens up opportunities to all individuals on equal grounds, and that the distribution of wealth and

<sup>19</sup> It is true that we internalise our need for a wage, and make efforts towards keeping a job or doing a career. But behind this there is the aimlessness of what we do at work: as Marx said, if the workers could get their wage without actually working, they would.

<sup>20</sup> In the USSR the alienation of the proletariat was based on a collective control over the means of production by a class of state bureaucrats who represented capital.

privileges in society is the result of the competition among free and equal individuals on the market.

Now we can see why Marx made a distinction between the spheres of circulation and production: in order to show that capital is not a system of bourgeois individuals but a material social relation between classes and that this systematic dispossession is based on a peculiar mechanism in capital, which is different from any other form of dispossession and class rule in the past – *it is one with the way we produce*.

## 2.2 From the sphere of production to the sphere of circulation: the trajectory of *Autonomia*

Despite Marx's interest in the sphere of production, Marx's theory does not imply a 'workerist' approach in itself. In this view the proletariat is not only formed by the individuals who actually work! The proletariat is the whole of the dispossessed, including those who for one reason or another are not in work. This theory, also, does not necessarily concentrate itself on what happens in the workplace. Outside the workplace, capital imposes its logic, a logic that says that nothing can be acquired without an equivalent to exchange, and a logic that imposes the form of wage work on many unproductive activities.<sup>21</sup> For every individual among the dispossessed, not only for those who have a job, the world is an alien world that reflects their powerlessness. The subjective aspect of capital is then an experience shared by the class as a whole.

However, a special focus on the productive worker was given by many political theorists in the '70s. At the end of the '60s, at the peak of the great struggles at FIAT factories in Italy, the founding fathers of *Autonomia* were part of the political current of *operaismo*, which turned Marxism into the celebration of the power of the industrial working class vis-à-vis capital. It was within this celebration that the power of the FIAT workers, which was built through struggle, was fetishised: being workers in a productive workplace was considered, in its own account, as something having special relevance for class struggle.<sup>22</sup>

Towards the end of the '70s, with the suppression of industrial unrest in Italy and the shift of class struggle from the factories to the street, it made sense for *Autonomia* to extend the ideology of workerism outside the workplace, to be able to label struggles in the street as 'working class struggle', and the whole society as a factory. But what was the advantage in defining the whole society as a 'social factory'? For the old workerist ideologue, whose heart beat

in front of 'factories', calling society a 'factory' was very relevant indeed.<sup>23</sup>

Paradoxically, *Autonomia*'s efforts to theorise society as a factory led them to dismiss capitalist production. In order to generalise 'production' to the larger society, this had to be reduced to aspects which can be present whether or not commodities are created and whether or not there is a wage relation. These aspects are the subjective aspects of capitalist production – its aimlessness and despotism. By looking at these subjective aspects in isolation from their context, the concept of 'production' could be generalised to the whole of society, as *any* activity forced under 'discipline' and command. This would include the regimes at schools, hospitals, prisons, the patriarchal family, etc. Of course *Autonomia* didn't forget the factory! But the factory was now merely one among many disciplinary settings in the social factory.

Once discipline was considered in such abstract terms, Marx's analysis of production in terms of value and productive labour became a bit problematic; this was to lead to a theoretical divergence within *Autonomia*.



*Autonomia* at a crossroad

On the one hand, Negri pushed to the fore his claim that there was no point in considering the creation of value, or analysing labour as productive labour. For him the answer was easy: in the social factory any disciplined activity had the same importance for capital and its power, and value was simply the expression of capital's power to control us.

Other Autonomists, De Angelis among them, didn't rebut Negri's 'law of command', but they also didn't want to give up Marx and the law of value. The easiest way of keeping Negri onboard without jeopardising Marx was to use the magic fix-all word 'also':

<sup>21</sup> In 'The arcane of productive reproduction' *Aufheben* #13, 2005, we show how the housewife's activity acquires the form of productive work through the interplay of the sphere of production and circulation, and show that there is no need whatsoever to theorise that it produces value at every cost.

<sup>22</sup> Arguments such as 'productive workers are more effective in a struggle as they produce profit for capital' were part of this ideology. Their ideological nature emerges clearly if we for example imagine the havoc a general strike of *unproductive* bank workers would cause to the economy, or the effectiveness of the anti-Poll Tax movement.

<sup>23</sup> With the extension of the factory to society, the *operaista*'s stress on the struggle for the wage within the factory was translated into the expectation of future struggles in the wider society for a 'social wage', or a better 'social wage'. This hope, yet, never concretised in the way they expected.

The ultimate use-value of work... is its role as the fundamental means of capitalist social control... But the use-value of labour power for capital is *also* its ability to produce value and surplus value.<sup>24</sup>

But 'also' was not sufficient. Theoretical acrobatics that tried to reconcile the law of command and the social factory with Marx then began.



Negri puzzles De Angelis

In the mid '90s De Angelis published work that aimed to prove that value was created in any disciplinary settings in society at large: the aimlessness, pain and boredom of any activity done under compulsion was seen to reveal the nature of this activity as productive of value.<sup>25</sup> Subtly, De Angelis stressed that aimlessness, pain and boredom was not only experienced in disciplinary settings (factories, schools etc.), by it was also experienced by the petty bourgeois (the lorry driver), whose aimless work was imposed directly by the market. Playing on the fact that value is not immediately perceptible, this theory was difficult to disprove – so Marx was safe, together with the Autonomist theories.

In *The beginning of history* De Angelis takes this trajectory of *Autonomia* to a logical conclusion. The book makes clear that the unifying mechanism that commands all discipline and work in capitalism is *the market and its laws*. The step here is the shift from discipline and coercion imposed despotically by people (managers, teachers, psychiatrists, etc.) over other people, to the objective and impersonal force of the market now seen, clearly, as the universal mechanism of command. This impersonal command acts through the internalisation of 'discourses' of price-signals by each individual, groups, organisations, etc. in society, so it is the result of a feedback operated by the individuals themselves: by abiding by the law of value, individuals send back and forth 'signals' to each other, and thereby constituting the social 'reality' behind this 'discourse'.

The command experienced in the factory or other disciplinary setting (which De Angelis calls 'nodes'), are only forms in which market discipline is imposed. While the

petty bourgeois is disciplined into working by the direct spur of competition, the worker is disciplined to work indirectly, through the action of a manager ('the cleric of the god of the market'). This gives the final touch of coherence to the Autonomist theory of the social factory. The whole globe, subsumed under the global market, is a giant social factory, where any activity is directly or indirectly functional to capital.

De Angelis devotes a whole section to proving that the direct discipline in any disciplinary institutions (including the factory) has eventually the same nature as that imposed directly by the market. In order to do so he compares the way the market subsumes the bourgeois individual and the imposition of discipline in a model for any disciplinary centres: *The Panopticon*. The *Panopticon* was an old design for a prison, but, according to philosopher Foucault, it represented the quintessential form of any disciplinary setting in capitalism.<sup>26</sup>

Focusing on the *Panopticon*, and comparing it to the market, De Angelis solves any possible objection to his conflation, perhaps with a bit of a stretch. Is the discipline of the market impersonal, and does it play on internalisation? But the discipline in the *Panopticon* is also impersonal and internalised. One cannot see the person who watches from the tower, and must assume to be controlled at all moments, so control is internalised. Is the market a system of 'price signals'? But the *Panopticon* also plays on signals, as the images of prisoners seen from the tower are... visual signals.<sup>27</sup>

*The beginning of history* then presents a theory that subsumes despotism and discipline, including production, to the market – the sphere of exchange, equality and freedom. For us the main problem with this theory is not that it does not account for production in capitalism – on the contrary, *the problem is that it does*. If this theory were concerned with some aspects of capital like enclosure and commodification, or some cultural-discursive aspects of the sphere of circulation in its own account, it would have still the opportunity to be considered side by side with Marx's view, where production is crucial for a class analysis. But, by accounting for production as an ultimate effect of the market, this theory has operated a significant shift of focus.

*Autonomia's* traditional focus was on the despotic imposition of discipline and command, either within the workplace or at school or other disciplinary settings in society at large. They derived this focus from the workerist interest in the experience of despotism and command in the workplace. For example, Raniero Panzieri theorised the unity of the technical aspects of production with its intrinsic despotic moments. The imposition of market discipline was first seen by De Angelis as an example of this general discipline (the

<sup>24</sup> Harry Cleaver, *Reading capital politically*, Leeds: AK, 2000, p. 100.

<sup>25</sup> 'Beyond the technological and the social paradigms: A political reading of abstract labour as the substance of value', *Capital and class* 57, Autumn 1995, pp.107-134.

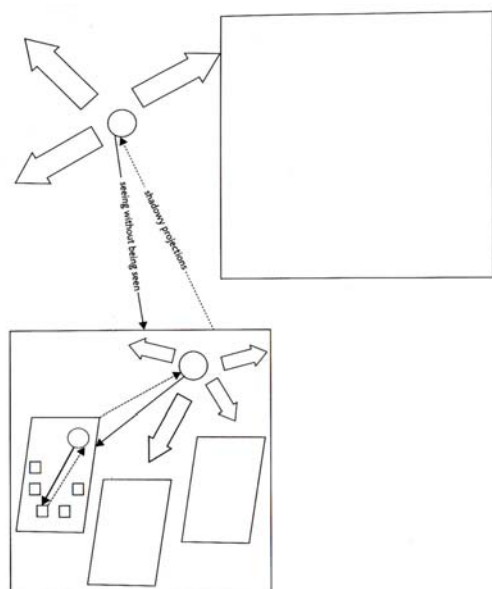
<sup>26</sup> At the turn of the eighteenth century, bourgeois philosopher Jeremy Bentham designed a prison fit for the Enlightened Nineteenth Century. It would be a circular building where prisoners in cells could be surveilled by a guard from a central tower. This would reduce the need for direct coercion (and the cost of surveillance) as the prisoners would feel to be surveilled all the time. Bentham designed the *Panopticon* on his own initiative, and, despite his numerous efforts to get finances to build one, he never received a farthing for it.

<sup>27</sup> For a full enjoyment of the stretch, we refer the reader to 'Box 1' on p. 207.

market is the boss for the lorry driver). Now the situation is totally reversed: the market is the real, original, boss, all direct command and discipline is a secondary effect of it.

This is where *Autonomia's* trajectory has landed with the full weight of De Angelis, trying to solve a chain of Marxological and, frankly, unnecessary puzzles created by its ideological, workerist, starting point.

In the next section we will see that this paradoxical shift of focus will imply the replacement of a class perspective with the perspective of any individual subjected to the discourse of price-signals: the perspective of the bourgeois individual.<sup>28</sup>



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### 2.3 The perspective of the bourgeois individual and the theoretical necessity of the common

We have seen that *The beginning of history* proposes a new understanding of capital, centred on the sphere of circulation. In the new perspective everybody who is subsumed by capital is turned into fragmented individuals relating by exchange. In this view, capital appears an abstract enemy, a force imposing the doom of competition to all through silent economic means, and facing all as 'people'. This is, in a word, the perspective of the bourgeois individual.

Despite trying to use Marx and his old vocabulary, systematically, and deliberately, the book redefined central concepts, substituting a new key to reading this vocabulary – shifting from the point of view of the proletariat to the point of view of the bourgeois individual.

<sup>28</sup> In his article 'Marx and Primitive Accumulation: the Continuous Character of Capital's Enclosures' in *The commoner* n. 2, De Angelis starts from Marx and his analysis, and thus appears to speak a class language! This is, however, only the starting point. In the course of the article, De Angelis subtly changes Marx's theory: he claims that enclosures are at the basis of the separation of producers from their means of production in capitalism, thus disposing of the centrality of wage relations. With his new book it is clearer that this means to eventually dispose of the constitutive mechanism of classes itself.

So, for example, when we are taught by De Angelis about the main problem with capitalism, this is not alienation and exploitation, or the rule of one class over another, but the 'competitive form' of our social interactions (p. 85). The problem with the market is that, through competition, 'one can win but can also lose'. When we are taught about alienation, this is not the fundamental alienation of what we produce, but the alienation that fragments us as owners of commodities to exchange.<sup>29</sup> When we are taught how capital turns our human creativity and activity into a force that dominates us, this happens because we are forced to compete against each other on the market, so our skills and cleverness will be employed to beat someone else in competition (p. 85). When we are told about antagonism, we are told that there is a fundamental antagonism between individuals on the market, beyond the 'traditional' understanding of antagonism between classes (pp. 8-9).

This shift of focus from the perspective of the class to the perspective of the bourgeois individual is perfectly matched by the style of this book. De Angelis puts a lot of work into choosing the right words in order not to spoil its universality with too much class jargon. He makes substantial efforts to avoid words like 'workplaces', 'workers' and 'classes'.<sup>30</sup> He prefers to say that we confront capital as 'people' (or 'protesting others' on p. 101), that those who work are 'doers' and that workplaces are 'nodes'.<sup>31</sup> The word dispossessed is used, for no obvious reason, in inverted commas (p. 71). When he needs to speak about the bourgeoisie, De Angelis prefers to call them a class of 'investors', and safely puts the word 'class' in inverted commas (p. 44)! He even struggles to re-define the old Autonomist concept of 'class recomposition' as 'community recomposition' since it sounds more... universal (p. 126). When old Marxist concepts and words are used, they are normally sanitised of class implications. On p. 85, De Angelis concedes to the old Marxist reader that market interaction is not only a discourse of price-signals, it is also an expression of 'power relations based on ongoing enclosures and corresponding property rights'. But already the 'also' means that the question of power relations is not a fundamental question. It's additional. De Angelis also sanitises all the concepts of 'power relations' and 'property rights'. He tells us that 'power relations' can be identified in

<sup>29</sup> Outrageously, we are also told that Marx said that (p. 197). In fact since the *Economic and philosophical manuscripts of 1844* for Marx alienation was crucially a material dispossession, and a class issue: 'So much does the realisation of labour appear as loss of reality that the worker loses his reality to the point of dying of starvation. So much does objectification appear as loss of the object that the worker is robbed of the objects he needs most not only for life but also for work.' Karl Marx, 'Estranged labour', *economic and philosophical manuscripts*, <http://www.marxists.org/archive/marx/works/1844/manuscripts/labour.htm>

also in *Early writing*, London: Penguin Books, 1975.

<sup>30</sup> He only uses words like 'working class' when he comments on quotes from Harry Cleaver or Karl Marx that contain those words.

<sup>31</sup> 'Doers' is borrowed from John Holloway, who in *Change the world without taking power*, London: Pluto Press, 2002, presents a thorough and useful account of Marx's theory, especially commodity fetishism. In this book, Holloway gives new names to old Marxian words like labour, workers, alienation, etc.

the distribution of wealth, privileges and 'entitlements' among individuals, and on p. 84 he stresses that this distribution of wealth and privileges is not the effect of production, but an effect of the competitive market relations themselves. Finally, on p. 197 he explains that 'property rights' are the individual bourgeois property that separate us as individual commodity owners.

We have to say that all this is true, and that looking at the perspective of the individuals in the sphere of circulation can be useful. By showing how individuals are fragmented, pitted against each other, and turned into competitive cogs on the market, De Angelis is for example able to attack Negri and Hardt's over-optimistic concept of 'multitude' and show that this is the uncritical celebration of the inherent fragmentation of capitalist society.

Yet the perspective of the bourgeois individual is a one-sided aspect of capital that misses another crucial aspect – a class perspective. De Angelis still makes a difference between vaguely defined 'doers', and vaguely defined 'investors', and says that the latter have an interest in the discipline exerted on all doers. Yet when we enquire what an investor is and what a doer is, we discover that these are ambiguous concepts. Many workers' pensions depend on investments, and many top managers are incredibly stressed doers. *The truth is that capitalism can only be exposed as a class system by looking at the sphere of production.*

This reduction has a consequence in the theory of antagonism and subjectivity. If we look at ourselves as individuals within the sphere of circulation, we are 'people', which capital 'pits in competition among each other'. There is nothing in this theory that explains any material interest for some of these 'people' to come together and fight some others among those 'people'. In this view capital doesn't constitute any material grounds for class solidarity, while we have seen that there are such grounds – production divides those who have an interest in capital, and those who have an interest in coming and fighting together against capital.

In this light we can see the new spirit of De Angelis's redefinition of 'antagonism'. For Marx antagonism is related to a condition of perennial contradiction between capital and labour, which continually constitutes the good reason for a class to come together and fight another class. For De Angelis 'antagonism' is an expression of the atomising and homogenising effects of the market. While De Angelis insists that his understanding of antagonism is 'related' to the first, this is not true. His concept of 'antagonism' implies the idea that there is nothing 'inside' capital that may constitute a material ground for class struggle.

*Now it is clear why enclosures become the missing link in this theory:* a society of fragmented individuals, that the market can only pit each other against each other in competition, can never find any material interests in fighting together! We need to envisage something 'outside' capital, the commons, as impurities in an otherwise amorphous chemical solution, in order to coagulate individual atoms into crystal growths of solidarity.

But this coagulation is not based on anything but the individual's choice between competing discourses – it is just up to the individual to react to the shit<sup>32</sup> that discipline, competition and command accumulates in his body and

memory, and seek to join or reinforce his 'communities' and their 'values'. Indeed, in the next and last section we will see then that the consequence of this theory leads us straight into its worst problem: its hapless moralism.

### 3. Discourses or life?

When we considered capital as the interplay of a sphere of production and a sphere of circulation we saw why capital is a social relation. A social relation is not the way we talk to each other, or the 'meanings' of what we say. A social relation is who has power over the other, who gets the wealth, who is dispossessed. This is a material relation, not just a cultural, 'discursive' one. It is true that there is lots of culture and 'discourses' that are the result of, and constitute, the rationalisation of this relation, but no arguments, cultural construction, discourses, would stand on their own feet by virtue of us believing in them!



But De Angelis's view simply misses this out. Having reduced capital to the market, and us to 'individuals pitted against each other', there is nothing that explains why capital has the power it has, why it expands, why the market rules over our lives. Capital is ultimately a system of 'values' and 'discourses' circularly reproduced by our involvement in these 'discourses'. On these grounds the book devotes pages to dissecting the ideological 'discourse' brought forward by the capitalist class in order to justify their power and 'recuperate' movements. It devotes pages to explaining to us the 'discourse' which the market uses to subsume individuals: the individual in capitalism, he explains, gets involved in a 'discourse' made of 'price-signals', and internalises 'norms of behaviour'.<sup>33</sup>

Equally, once the focus is shifted from the material relations of classes to their cultural appearances, class struggle is reduced to a struggle of 'discourses', or, better still, 'value systems'. De Angelis devotes pages to explain to us how society is structured by its 'values'. Different 'value practices' are for De Angelis the foundations of the reproduction of different societies and 'communities'. But where do value practices and values come from? The more

<sup>33</sup> Ironically, De Angelis seems to have absorbed our ruling class's ideological discourses like a sponge. In the New Labour talks, concepts such as 'care in the community', 'the Muslim community', etc. imply a definition of 'community' as any relations besides exchange or the state, and are assumed inherently good. Similarly, the idea of prices as signals or information among individuals on the market, adopted by De Angelis, is directly taken out of bourgeois economic textbooks.

<sup>32</sup> De Angelis gives this a good Latin name: 'Detritus'.

we read, the more we feel trapped in a strange tautology: on the one hand our actions (so our practices) are based on 'systems of values', which, De Angelis explains, are 'the way people represent the importance of their own actions to themselves'. On the other hand, our 'systems of values' seems to be founded on our 'value practices'. Eventually, we realise that for De Angelis 'values' and 'value practices' are conflated into each other – one is equivalent to the other. Without a theory that links given 'value practices' to the real individuals and their intercourses, to the social and material relations among us, De Angelis's concepts of value and value practices end up endlessly and vacuously chasing each other.

This is tautological idealism.<sup>34</sup> In the same way as the law of the market would not stand on its feet half an hour without social relations of dispossession supporting it, no 'systems of values' can maintain its existence on the basis of its own 'value practices', and no value practices can be only supported by their correspondent 'system of values'.<sup>35</sup>

Aufheben has not much patience with a theory that gives such relevance to 'values' and 'discourses'. In no real struggle or movement we have ever been involved in would such focus have been in any way useful.

In real struggles and movements we continually deal with people who have different perspectives, brewed through other direct social relations (families, friends, other cultural or political activity, and so on), and through their involvement with capital's 'values' as well. The fragmentation among participants of a struggle is overcome through a process that goes back and forth from the practical experience of solidarity and struggle, to lots of discussions, arguments, decisions taken collectively, and so on.<sup>36</sup>

Our struggles are living processes, in which collective consciousness and practical realisation continually affect each other, so that in no moment what we do and what we say totally coincide. How useless it would be for someone like De Angelis to step in and study the latest public talk, leaflet or bulletin in the attempt to analyse our 'system of values'!

So what do we want from a theory of class struggle? An analysis that tells us what to look for in order to

<sup>34</sup> De Angelis's fetishism of culture is reflected in his concepts of linear, circular and phasic time, which attribute to time what is actually human and social. This is reminiscent of Moishe Postone's fetishism of time, paraphrased on p. 52 of *Aufheben* #15 as: 'How many times must I tell you, it's *not* our movement *in* time, it's the movement *of* time. It has an inherent dynamic... In no way can we give rise to its trajectory'.

<sup>35</sup> It can be argued that this stress on value practices as 'material' and their use in place of material social relations can be traced back to Louis Althusser. In 'Ideology and Ideological State Apparatus', Althusser writes: 'It therefore appears that the subject acts insofar as he is acted by the following system...: ideology existing in a *material* ideological apparatus, prescribing *material* practices governed by a *material* ritual, which practices exist in the *material* actions of a subject acting in all consciousness according to his belief'. In *Lenin and philosophy and other essays*, Monthly Review Press 1971, <http://www.marxists.org/reference/archive/althusser/1970/ideology.htm>.

<sup>36</sup> For an account of the role of activity and consciousness in concrete everyday struggles, see 'Theory and Practice, Recent Struggles in Brighton', *Aufheben* 15, 2007.

understand the revolutionary potentials of a struggle, but also to understand its limits. But what to look at is not a 'system of values' or any cultural production, but the living being: the real participants, what they do, what their aims are. And how these relations change, or can potentially change, when victories are achieved, and power is conquered against capital.



Arguing about values

This more material analysis could even help De Angelis himself to tackle his favourite 'dilemma': why and how capital recuperates movements. Instead of analysing the 'discourses' of Paul Wolfowitz, is it not better to consider why these 'discourses' made sense for those who accepted their own recuperation? What social forces were involved? What kind of people were they, what were their aims? What happened while the movement emerged, grew up, and what stopped it going beyond its limits? What the material grounds for the compromises were?

Also, we need to consider material and class relations if we want to understand what to think, and what to do, in front of many 'communities' and struggles which seem to have aims alien from ours. How can we understand communal experiences such as Political Islam's training camps? What can we say about the Muslim 'community' on which Respect tried to found its electorate, only to see the local Muslim landlord becoming councillor with the votes of his tenants and their extended families? And what do we make of the 'communal' experience of white British anti-paedophile 'lynch mobs'?<sup>37</sup> These 'communities' experience direct relations alternative to capital, and react to the atomisation imposed by the market, and still we need a theory that allows us to understand how, or whether,<sup>38</sup> to 'link up' our struggles with them!

For the reasons above, despite the fact that *The beginning of history* healthily stresses action, class struggle and subjective antagonism, it offers us a rather useless theory. A moment of reflection from practice, theory must be able to feed back into practice. It must develop from the

<sup>37</sup> See 'When the mobs are looking for witches to burn, nobody's safe': Talking about the reactionary crowd. J. Drury, *Discourse & Society*, 13, 41-73, 2002.

<sup>38</sup> Or, we prefer, why not.

experience of practice the insights that can push practice beyond what it is. It is true that a small book cannot analyse each individual, existing struggle or 'community'. However a theory should for example make clear what questions we may ask, what clues we may look for, in the concrete situation.

*The beginning of history* offers no such help. Not considering the social relations that support the 'systems of

values' it is only able to waffle about general and very abstract concepts of 'values' and 'value practices', which, like a mass-produced sock, fit any 'community' foot. It gives us a general definition of 'community' based on any form of direct relations among individuals.<sup>39</sup> And, coherently, its conclusion is a moralistic and vague call for 'communities' to somehow 'link up'.

In fact, the limits of this book are already apparent from the first casual reading: it is a book written by someone who catches up with the latest G8 gatherings in his 'small van', parks up and looks on in contemplation.<sup>40</sup>



<sup>39</sup> 'Community' is simply defined by De Angelis as 'value practices other than capital plus organisational reach', p. 68.

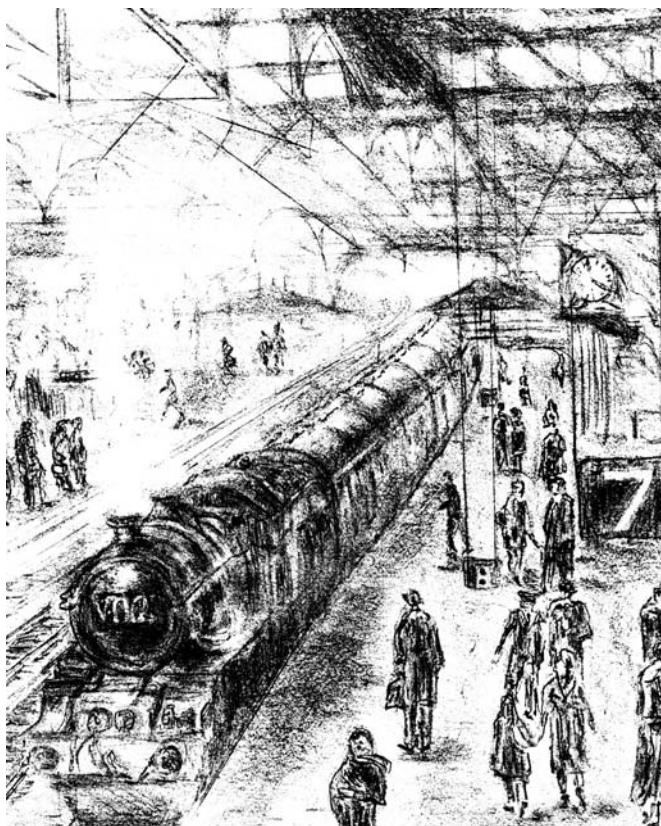
<sup>40</sup> De Angelis was keen to inform us that, besides having a small van, he lived in a *small* flat in the centre of Milan when he was a child, and that he has now a *small* kitchen at home.



Review:

## Forces of labour: *Workers' movements and globalisation since 1870*

Beverly J. Silver (Cambridge University Press, 2003).



### Introduction

In this book, Silver argues that those who see the current crisis of labour movements as terminal tend to see the contemporary era as one that is fundamentally new and unprecedented, in which global economic processes have completely reshaped the working class and the terrain on which labour movements must operate, whereas those who expect the emergence of significant labour movements tend to perceive historical capitalism as itself being characterised by recurrent dynamics, including the continual recreation of contradictions and conflict between labour and capital. Thus *Forces of Labour* recasts labour studies in a longer historical and wider geographical frame of analysis than is normally done.

Silver argues that there are many historical parallels between the current epoch, characterised by a global crisis of labour movements, and that of the 1890s which saw labour movements suffer significant reversals. Her take on 19<sup>th</sup> century history is that the 'Golden Age of Capital', which culminated in the depression of 1896, saw a massive expansion of the world economy. She argues that competitive pressures led to a series of transformations in world-scale processes of capital accumulation, which are characterised as the *spatial fix* (capital relocation), the *technological/organisational fix* (labour process transformations), the *product fix* (shifting capital into new industries) and the *financial fix* (capital flight

from production into money lending, speculation etc).<sup>1</sup> Mechanised textile production spread rapidly to lower wage areas, ring spinning replaced mule-spinning technology, and capital shifted into the capital goods sector. Whilst the initial response to these transformations was an upsurge in labour unrest, the 1890s saw labour movements in crisis. This crisis corresponded with the 'financial fix', which saw capital liquidified and lent to nation states to finance arms expenditure. The crisis of labour movements was short lived however. Within a decade labour unrest was growing and both trade unions and the parties of social democracy were experiencing unprecedented expansion in membership and influence. Within two decades the working class was riding a wave of revolutionary upheaval.

*Forces of Labour* suggests that the current crisis of labour has likewise resulted from the same processes of capital relocation, labour process innovation, shifting of capital into new products and a massive increase in finance capital. Much of the book therefore is concerned with an examination of the contradictory results of these processes through time in order to explore the possibility that the contemporary crisis of labour will also be temporary.

### Spatial relocation: labour movements and capital mobility

In the book's pivotal chapter Silver studies the spatial and temporal shifts in the distribution of labour unrest in the world car industry over the course of the 20<sup>th</sup> century, with the epicentre of militancy moving from North America through Western Europe to a group of newly industrialising countries. Fleeing the sit down strikes of Michigan and then the wildcat strikes of Western Europe the car industry has exported explosive industrial unrest to countries across the globe.

In Brazil, South Africa and South Korea repressive states offered the prospects of acquiescent labour and multinational automobile producers invested heavily. But in each case the newly created proletariats responded with waves of labour unrest winning significant victories. The 1964 military coup in Brazil established a repressive regime that eliminated working class opposition, making it a favourable site for capital investment. Employment in manufacturing, notably automobile production, doubled in

<sup>1</sup> The financial fix is identified as an increase in the liquidity of capital – its retreat from productive capital into speculative (financial) forms. But Silver's theorisation of the growth of finance in different historical periods falls short of the rigour employed elsewhere. The liquidisation of capital is not a 'fix' in itself as it is merely a mechanism through which capital can be transferred to another location or industry – a mechanism whereby one of the other 'fixes' can be deployed. Silver does not explore this necessity of value production for capital's self-expansion. Thus the contradictions of state arms expenditure are not explored, nor the differences between such a form of speculation and the contemporary growth in finance capital corresponding to a phase of global industrialisation.

the 1970s. Three plants in Sao Bernado – VW, Mercedes and Ford – employed over 60,000 people. In 1978 the newly proletarianised auto workers at a Saab plant launched an intense strike wave taking in Mercedes, Ford, Volkswagen and Chrysler that fuelled a decade of activism culminating in 9 million workers being involved in strike activity in 1987. Real wages in Greater Sao Paolo grew by 10% per annum



between 1985 and 1988 wrecking the IMF-inspired government anti-inflation plan. The inevitable response has been to relocate, with investment by foreign automobile manufacturers taking place away from the union strongholds of Sao Paolo and San Bernado. Similarly the Nationalist government in South Africa had used the repressive powers of apartheid to create a site favourable for foreign investment and the number of blacks employed in manufacturing doubled between 1950 and 1975. As in Brazil this newly formed proletariat, concentrated in urban areas, formed the backbone for a wave of labour militancy in the 1970s and 1980s which the state failed to repress, having in 1979 to accede to the recognition of non-racial unions. There followed the largest and longest strike wave in South African history affecting Ford, VW, Datsun, Leyland and General Motors. With repression failing to combat labour insurgency capital sought to relocate once more and South Korea appeared to provide fertile ground for investment as the authoritarian regime there banned strikes and independent trade union activity. The output of automobiles increased eightfold between 1980 and 1987 as US and Japanese multinationals moved in through joint ventures. In 1987 however a wave of labour unrest hit the industrial belt along the Ulsan coast, which included the occupation of Hyundai factories. Independent trade unions were established and massive wage increases were ceded to contain the unrest. Attempts to reverse these gains in 1989-90 involved the use of troops to break up strikes and whilst overt strike activity declined slightly tactics such as slowdowns, sabotage and overtime continued to secure rising real wages. Through the 1990s employers pursued automation as a means of dealing with endemic unrest, but labour militancy reached a new peak with the twenty day general strike of 1996-97 which forced the government to withdraw legislation restricting employment rights.

Silver concludes that corporations in the automobile industry have been chasing the mirage of cheap and disciplined labour around the world, only to find themselves

continuously recreating militant labour movements in the new locations.

This process has continued in the last two decades, marking yet another cycle of spatial relocation and militancy. Vehicle production in northern Mexico tripled between 1984 and 1994 and has continued to grow. China's output almost doubled in three years from 1991 to 1994 and expansion continues rapidly. One can expect therefore that the current wave of social unrest in China will, in the coming decade or so, be complemented by the emergence of a militant car producing proletariat.

### **New industries: Labour movements and product cycles**

As well as fleeing labour unrest through geographical relocation capital has fled to exploit new industries. Here Silver sees parallels with the twentieth century shift away from the troublesome textile proletariat into car making. That redeployment merely shifted the epicentre of labour unrest into the new industries. In order to substantiate this parallel Silver considers a number of new industries and the dynamics of conflict therein, beginning with the impact of the semiconductor and the electronics sector it underpins.

The automation of almost all aspects of the production of consumer electronics based on the microchip has meant that 'employment in the semi-conductor industry itself has not had a direct impact on working class formation equivalent to the historical impact of textiles or automobiles'. (p.104) But this whole industrial sector is characterised by a global division of labour which sets it apart from the cycle of spatial relocations identified for car production. Manufacturing has from the beginning contributed to a massive enlargement of the industrial proletariat in Asia, particularly in China, whilst research and development and other techno-scientific functions are concentrated in the advanced capitalist countries. The concentration in these epicentres of the management functions for the world's corporations has resulted in a considerable growth in producer services such as telecommunications, legal, financial, advertising, consulting and accounting. But whilst some have identified highly paid professional, technical and managerial jobs as indicating a new accommodation between capital and labour in the 'new economy' Silver argues that the evidence contradicts this view because where producer services have grown rapidly there has also been a polarisation of the labour force. The data indicates that service industries have taken a growing share of total labour unrest through the 20<sup>th</sup> Century.

Likewise the expansion in the advanced capitalist countries of the information-based workforce to deliver these services has been dependent upon an expansion of mass education. Along with a rapid growth in the number of teachers the education 'industry' has been one of the few to have experienced a rising trend of labour unrest in the final decades of the 20<sup>th</sup> Century.<sup>2</sup>

<sup>2</sup> Silver argues that teachers derive bargaining power from their position within the social division of labour (their actions disrupt the lives of parents and their ability to work) and their relative imperviousness to spatial and technological 'fixes'. Attempts to cut costs have therefore primarily involved speed-ups and cutbacks that have in turn sparked unrest. Thus education reforms seek alternative ways of putting pressure on teachers. And whilst the Internet and

As well as global communication links this global division of labour requires global transport. The workplace bargaining power of transport workers has historically been strong both as a result of their ability to impact upon the industries whose goods they carry and the relative impossibility of spatial fixes to labour problems (the mobility of capital being dependent upon relatively immobile investments in transport infrastructure). Technological and product fixes on the other hand have been a major feature of capital's response to labour unrest. Containerisation of ports accounted for a massive decline in labour unrest in shipping, whilst trucking and aviation has increased pressure on railway workers. Rather than eliminating the problem this strategy has merely refracted it onto emergent sectors of the transportation industry, with labour unrest in aviation increasing dramatically relative to shipping/docking and railways.

For Silver the emergence of new industries in the advanced capitalist countries, far from eliminating the conflict between capital and labour, has merely shifted the impetus for workers from taking advantage of their strategic position within a complex division of labour towards having to organise their 'associational power':

Textile workers, operating in a vertically disintegrated industry with multiple small firms and unstable employment, had to develop a countervailing power based on citywide or regionwide political and trade union organisation. Likewise today, low-wage service workers operating in industries that are at least on the surface vertically disintegrated have followed a community-based organizing model rather than a model that relies on the positional power of workers at the point of production. (p.172)

### Conclusions: Novelty real and apparent

**Continuities** One of the main thrusts of *Forces of Labour* has been to show that behind the apparent novelty of the contemporary era there are significant continuities which undermine the claims of the 'neoists'. The retreat of the class struggle in the advanced capitalist countries has enabled theories to be developed which echo the claims of post-modernist bourgeois thinkers that traditional class politics is finished. Andre Gorz waved farewell to the working class, Antonio Negri to the 'mass worker', and a host of others have followed in their paths urging the abandonment of militant political practice.

Certainly many of the foci of class conflict in Europe and North America have been eliminated. Extractive industries and shipyards have closed. Many of the huge factories have locked their gates for the last time as manufacturing jobs have disappeared to be replaced by jobs in the service industries. On the one hand *Forces of Labour* sees in this restructuring merely a return to a situation of class struggle where workers have to contend with a terrain in which they have less positional bargaining power. Thus the apparent eclipse of class conflict in the advanced economies merely masks a situation in which workers are coming to terms with the altered parameters of their situation

before the irreconcilable conflict between capital and labour becomes overt once more. One can speculate, but *Forces of Labour* shows through its painstakingly empirical and concrete analysis that the perspectives of the post-autonomists and their ilk are partially blinded by their Euro-centrism.

The chapter discussing new industries concedes that the centrality of automobile production for the global economy has been displaced by a dizzying array of new commodities enabled by the semiconductor. But behind the examination of producer services, education and transport in Europe and the USA lies the reality of the mass production of these commodities in factories across newly industrialised parts of the globe, particularly Asia. The white-collar jobs so loved by francophone intellectuals are but one side of the mental-manual divide characterising the global division of labour. The essential continuity with the politics and practices of the post-war era is however most clearly demonstrated through what is perhaps the central focus of the book – the chapter concerning the successive relocations of the car industry. The mass production of cars, far from having been eliminated as an arena for the class struggle, has been extended across the globe. The class struggle centred upon the factory is perhaps more relevant than ever when the proletariat is considered globally.

**Discontinuities** But whilst it is true that Silver shows the continuity of the current epoch with earlier periods of capitalism, it is also true that she helps to show important discontinuities. But not those so readily seized upon by the 'neoists'. Once again the evidence is provided by the analysis of the 'spatial fix' and the resulting cycles of struggle.

From the late-19th century to the end of the 1970s the divisions of world capitalism were relatively fixed in nature. The centre of capitalist production remained firmly entrenched in Western Europe and North America throughout this long period encompassing two world wars.<sup>3</sup> Of course after World War Two there emerged the 'Second World' of state capitalism and the 'First World' was joined by Japan, but the rest of the world remained stuck in the 'Third World', integrated into the world economy only to provide the agricultural produce and raw materials required for industrial development elsewhere. This situation of underdevelopment versus development provided the material basis for social antagonism to become expressed through the ideological forms of national liberation on the one hand and third worldism on the other.

The last three decades by contrast have broken with this previously rigid division. The relocation of mass production industries, such as car production, has seen millions of peasants proletarianised as whole swathes of what was the 'Third World' has been developed industrially. It must be stressed that this process still has a long way to go, particularly with regards to most of the African continent. But what Silver has identified in her analysis of spatial relocations is that this process has been changing the very structure of world industrial capitalism, along with the

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other advanced communications technologies could be deployed against teachers such changes would only serve to enhance the vulnerability of the education industry to disruption.

<sup>3</sup> *Forces of Labour* describes the spatial relocation of textile production to southern US states and parts of India, China and Japan during the latter part of the 19th and early 20th centuries, but the newly formed textile proletariats in Asia were surrounded by millions and millions of peasants.

location and nature of the struggles against it, to an unprecedented degree.

When Marx called upon the workers of the world to unite he was essentially addressing a few million in the England, France and the US. The revolutionary wave of 1917 engulfed Europe, with ripples elsewhere. The wave of the

1960s spread much further across the globe but still left huge geographical areas unaffected. *Forces of Labour* indicates however that we are now witnessing the emergence of a truly global proletariat, and with it the possibility that the notion of world revolution could mean exactly that.

