

# 3 BUREAUCRACY AND CLASS IN MARXISM

Paresh Chattopadhyay

## 1. Defining the Issues

Traditionally the Marxists have considered bureaucracy as an integral part of the “bourgeois” state machine. At a *formal* level, this is also true of Marx. However, with bureaucracy conceived as a general form of organization of administrators hierarchically arranged from the top downwards—not necessarily confined to state apparatus—a careful reading of Marx shows that, according to him, such an organization is inherent in the capitalist mode of production. The Marxists after Marx have paid little attention to this aspect of capitalist production. This lack of attention to the bureaucratic nature of organization in capitalism has been more than matched by the attention that many Marxists have paid to the phenomenon of bureaucracy in the erstwhile “post-revolutionary societies” where bureaucracy has been conceived by many as a “class” outside the pale of capital. The present chapter is an attempt to “set the

---

\* We are grateful to Professor Neil Garston for his helpful suggestions.

record straight.” It tries to give an account of Marx’s essential ideas on what could be considered the bureaucratic nature of the organization of capitalist production. It further argues that the Marxists neglecting this aspect of capitalist production while, contrariwise, emphasizing bureaucracy as a class in the so-called “post-revolutionary” society, have inadequately understood Marx’s method, as well as the specific categories of “capital” and “capitalist” in Marx.

After a few words of precision concerning some terms, the chapter divides itself into three sections. The first deals with Marx’s own ideas on the subject, as well as the failure of the Marxists to follow up Marx’s lead on the organization of production in capitalism. The second section discusses the preoccupation of the Marxists with the question of bureaucracy in the “post-revolutionary” society. The concluding section, while outlining the content of the chapter, tries to show the grave shortcomings of the traditional Marxists from the point of view of Marx’s method.

In the lines that follow, “Marxism” stands for the world outlook of Karl Marx. Accordingly, in our discussion, account will be taken of the writings of those, beginning with Marx, who (subjectively) accept Marx’s world outlook as their own, of course as interpreted by themselves (though some of them might have subsequently changed their views on Marxism). “Bureaucracy” is used here in the sense of a form of administration under functionaries nominated and hierarchically organized from the top downwards and accountable only to superiors in the hierarchy. “Class” is used here in its broad Marxian sense. Now, while holding that the “history of all hitherto existing societies is the history of class struggles”—in the well-known words of the *Communist Manifesto* (1848)—and that “class struggle is the immediate driving force of history” [Marx and Engels, 1964b, p. 454], Marx does not offer a formal definition of class, nor does he systematically analyze its concept. His attempt at precision in this regard in *Capital III* breaks off. However, as he says in his celebrated letter to Weydemeyer [1852], he has taken over the notion of class from the “bourgeois” historians and “bourgeois” political economists, his own distinct contribution in this regard being that he connects the existence of classes with the historical phases in the development of production [Marx and Engels, 1964b, p. 423]. In other words, classes with what he calls their specific “economic condition of existence” or the “social production of their life” arise out of the relations into which human beings enter in society in order to produce and reproduce their “material life” [Marx and Engels, 1966b, p. 113; Marx, 1958, p. 12].

## 2. Bureaucracy and Class

Marx considers the relation of bureaucracy to class historically, not as something fixed independently of social evolution. Marx develops his ideas on bureaucracy first in his systematic critique—unpublished in his lifetime—of Hegel's *Philosophy of Right* [Marx, 1976a, pp. 203ff.]. What Hegel calls “administration” or a state's “executive functionaries” Marx calls “bureaucracy,” taking over a term already in use in France for a century.

Marx seems to accept Hegel's characterization of “bureaucracy” as a “class” in the sense—in the current usage under absolute monarchy—of “order” (*Stand*). In fact, in his introduction to the above-mentioned critique—published in 1844—Marx uses “order” and “class” equivalently [Marx and Engels, 1966a, p. 27]. However, to Hegel's appellation of state's officialdom as the “universal” class (*Stand*) Marx opposes “bureaucracy” as a “particularist” class, like the other particularist classes (*Stände*) [Marx, 1976a, pp. 248–273]. Moreover, “the bureaucracy,” Marx emphasizes, “has in its possession the essence of the state, the spiritual essence of society, as its private ownership” [Marx, 1976a, p. 249].

This was also the objective situation under absolute monarchy where bureaucracy, as the state's official representatives, constituting an order (class), played an autonomous role and, in a certain sense, also helped the rising bourgeoisie in its struggle against feudalism, as Marx observes in various writings. However, with the advent of the bourgeoisie as the ruling class, the civil society was separated from the political society. There were now “classes” and no longer “order.” “It's only within the bureaucracy itself, where the civil and the political position were identical, that ‘order’ in the medieval sense remained,” as Marx says [Marx, 1976a, p. 284]. “The medieval *Bürgerstand* is now transformed into modern *Bourgeoisklasse*” [Marx, 1972, p. 346]. The bureaucracy is now subordinated to the new ruling class; and, as an instrument of this class, inseparable from the existence of the bourgeois state, it ceases to be itself a class [Marx, 1966b, pp. 111, 117; 1970, pp. 285–86]. Under capitalism (state) “officials” are considered by Marx as just a “distinct social group” (Marx, 1964, p. 893) and not really a class. In addition, since bureaucracy is an integral part of the state apparatus, like the army, the police, and the judiciary, it would be necessary to destroy the (bourgeois) state itself in order to eliminate bureaucracy [Marx, 1970, pp. 285–86].

It should, however, be observed that when Marx, in his first systematic critique of Hegel, accepts the latter's characterization of bureaucracy as a

“class” (*Stand*)—following the contemporary usage—his own materialist conception of history is still in the making. Furthermore, he does not yet clearly derive “class” from the social relations of production (within a specific mode of production), as he would soon start to do. Thus, from the vantage point of his later position, the state’s (executive) functionaries as bureaucracy, even though considered a “class” (*Stand*) under absolute monarchy, would appear to belong to society’s “superstructure” and not to its “foundation,” constituted by the (social) relations of production. Bureaucracy, it seems, ceases to be considered as a class in Marx, not simply because it is subsumed by the ruling bourgeois class, but mainly because bureaucracy is not directly related to the material conditions of production.

### 3. Bureaucracy and Capitalist Production

Though Marx himself limits his *explicit* discussion of bureaucracy (within capitalism) only to its political aspect, that is, as an integral part of the bourgeois state apparatus, it is quite consistent with the Marxian framework to extend the sphere of bureaucracy outside the limits of state administration. Indeed, Marx seems to have been the first to discern the inherently bureaucratic character of the organizational form of capitalist production, even though he did not use the term “bureaucracy” in this connection. As he observes, “the capitalist mode of production itself engenders a relation of hierarchy (*Über und Unterordnung*) (which is) objective, purely economic” [Marx, 1969, p. 54]. Inherent in the capitalist mode of production, this type of organization has manifested itself at least since the stage of “simple cooperation,” the initial stage of what Marx calls the “real subsumption of labour under capital” [Marx, 1976b, pp. 235, 237; 1962a, p. 350]. All labour done in common on a large scale “requires a direction for harmonising the individual activities and for performing the general functions which originate from the distinction between the movement of the collective body and its independent organs,” and “this function of direction, supervision and mediation becomes the function of capital the moment labour subordinated to it becomes cooperative labour” [Marx, 1962a, p. 350].<sup>1</sup> With the increase in the scale of

---

<sup>1</sup>Marx emphasizes that the form which this function of direction takes under capital is “entirely different from that which it will take in the Association” [Marx, 1976b, 236. The word “Association” appears in the original]. By “Association,” Marx, of course, means the future society of free and associated producers.

operation, the mass of labourers working together under the command of the same capital requires “higher officers (managers) and lower officers (foremen, overlookers), who, during the labour process, command in the name of capital” [Marx, *ibid.*].<sup>2</sup> This specific type of hierarchy— involving the valorization of capital—is necessarily “‘despotic’— though, contrary to the pre-capitalist forms, impersonal and ‘objective’— and corresponding to the development of collective labour “this despotism develops its own forms” [Marx, 1962a, p. 351]. Thus, when the stage of simple cooperation is superseded by the division of labour in manufacture, the “hierarchical gradation” involves the workers themselves [Marx, 1962a, pp. 381, 389]. With the ultimate stage of real subsumption of labour under capital reached in (machine-operated) “big industry,” under a completely elaborated “barrack discipline” in the factory, the “work of supervision,” as well as the “division of labourers into common soldiers of industry and industrial sub officers,” already initiated earlier, is “fully developed” [*ibid.*, p. 447]. This essentially bureaucratic form of organization of production becomes more and more palpable as the accumulation of capital progresses through the increasing concentration and centralization of capital. Appreciation of this point requires a little elaboration concerning what Marx calls the “double existence” of capital, that is, capital as “economic property” and as “juridical property” [Marx, 1962b, pp. 456, 460]. “Economic property” refers to capital as a pure *function*— in other words, a pure relation of production. “Juridical property” refers to capital as pure *ownership*.

At the initial stage of capital’s existence, the two “properties” of capital are united in the hands of the same individual (household). However, even at a comparatively lower stage of capital accumulation, with the appearance of money capital as loan capital, there already occurs a split in the ownership-function unity of capital, showing on the one hand, the pure “owner of (money) capital” and, on the other, the non-money capital owning “industrial capitalist,” who “really transforms money into capital” [Marx, *ibid.*, p. 456].<sup>3</sup> Compared to the non-owning “active” (*fungierende*) capitalist receiving “entrepreneurial gain,” the receiver of interest is simply the passive owner of capital as “idle property” [Marx, 1964, p. 393]. Thus, already at this stage of capital accumulation, the industrial capitalists who are the “functionaries of capital, the real agents of

---

<sup>2</sup>The words “managers,” “foremen,” and “overlookers” appear in the original.

<sup>3</sup>Here “industrial capital” refers to capital employed in any sphere of production [see Marx, 1973, p. 49].

production, . . . as labourers, confront themselves or others as proprietors" [Marx, 1962b, p. 475]. However, at this stage, the capitalist still does not appear as a pure non-owning functionary of capital, inasmuch as the "industrial capitalist" is still the owner of the material means of production obtained through borrowed money-capital. The complete separation between capital as function and capital as ownership occurs at a higher stage of capital accumulation, requiring a high degree of concentration and centralization of capital.

Correspondingly, the ownership form of capital undergoes a transformation, the means of production increasingly coming under the ownership of "associated capitalists"—as shown in share capital. Here, capital becomes "directly social," signifying "abolition/sublimation (*Aufhebung*) of capital as private ownership within the limits of the capitalist mode of production itself" [Marx, 1964a, p. 452]. Here the active capitalist is a "simple director" of the capitalist collective, a simple "administrator of alien capital" and receives only a "wage of administration" or a "salary (*Gehalt*) for a special kind of labour" (*ibid.*, pp. 401, 452), that is, the labor of extracting surplus value from the immediate producers. With the change in capital's property form and the control of the process of production by the (non-owning) salaried functionaries of capital—corresponding to the new stage of capital accumulation—the capitalist organization of production shows its bureaucratic character in its starkest form. It is clear that the "administrators of capital" are, to use Marx's expression cited earlier, the "higher and lower officers" of capital hierarchically organized from the top downwards, and, as such, are simply the *bureaucrats* of the capitalist process of production.<sup>4</sup>

The highest stage in the bureaucratization process of capitalist production is reached when the state itself becomes a "capitalist producer"—as Marx explicitly envisages—that is, when the enterprise under state ownership "employs wage labour" to produce "its product as a commodity" [Marx, 1962c, pp. 370; 1973, p. 101]. Here, obviously, the bureaucrats of capital are simultaneously the state bureaucrats in the classic use of the term.

It is thus clear that though Marx does not use the particular term "bureaucracy" in his critique of capitalist production, the specific form of

---

<sup>4</sup>In connection with the share companies, Marx speaks, in fact, of "a number of councils of administration and direction by the side of and above the actual manager" [Marx, 1964a, p. 403]. M. Rubel mentions that Marx used the English term "manager" in the manuscript. It was translated into "*Dirigent*" in Engels's published version. See Marx, 1968, p. 1787.

organization of this production underlined by him is certainly bureaucratic in the proper sense of the term.

It is interesting to note that bureaucracy as a general form of organization of activities under modern capitalism began to be stressed by the non-Marxist social scientists long after Marx had discerned its essence in the organization of capitalist production. Thus, what an avowedly anti-Marxist like Max Weber wrote on this question basically confirms what Marx had observed much earlier. Weber noted that bureaucracy in the sense of the “principle of hierarchy of functions and of different levels of authority,” implying a “well-ordered system of domination and subordination (*Über und Unterordnung*)” “fully developed”—outside of the state apparatus—“only in the most advanced institutions of capitalism” and that the “huge modern capitalist enterprises are themselves the unrivalled model of rigid bureaucratic organization.” [Weber, 1925, pp. 650, 651].<sup>5</sup> J. Schumpeter, in his turn, from a different point of view, while analyzing the process of demise of capitalism, spoke of the “bureaucratized giant industrial unit” as a part of the “bureaucratization of economic life in general” with the remuneration of the “industrial bourgeoisie” being reduced to “wages for current administration” (virtually using Marx’s words, cited earlier) [Schumpeter, 1950, pp. 124, 206]. Similar ideas on bureaucracy have been expressed by such well-known students of modern business organization as A. Gouldner [1954], R. Gordon [1961], R. Marris [1964], E. Mason [1966], and others.

In contrast, the internal organizational aspects of the units of production under capitalism were insufficiently studied by the Marxists after Marx. Only one or two among them touched on this question, and that too almost in passing. Thus, R. Hilferding in his classic study of finance capital refers to the enterprise “directors” of share companies as constituting the “peak of the industrial bureaucracy” [R. Hilferding, 1973, p. 161]. Similarly N. Bukharin speaks of the “industrial and commercial directors” under capitalism as forming the “industrial bureaucracy” [Bukharin, 1989, p. 107]. But even when they refer to “industrial bureaucracy” under capitalism, the position of these Marxists is definitely a step backward compared to Marx. As we saw above, according to Marx the bureaucrats of capital are precisely the real functionaries of capital, and, as such, they *are* the real (“active”) capitalists, even though they may not *individually* own capital (or a part thereof). The capitalists are

---

<sup>5</sup>See, in this connection, the illuminating critique by H. Marcuse, “*Industrialisierung und Kapitalismus in Werk Max Webers*” in Marcuse [1965].

simply the “agents” or “bearers” (*Träger*)—as Marx would put it—of the capitalist relation of production, where individual ownership of capital is of little relevance, provided, of course, the immediate producers remain separated from the conditions of production. As Marx says significantly, paraphrasing Aristotle, “The capitalist works as such not in capital ownership that gives (him) the power to purchase labour (power) but in the employment of wage labourers in the process of production” [Marx 1964a, p. 398]. Neither Hilferding nor Bukharin would admit the possibility of there being (individually) non-owning “active” capitalists.<sup>6</sup>

As a matter of fact, this has been, by and large, the position of the Marxists after Marx. This follows from their neglect or insufficient understanding of the double meaning of what Marx calls “capitalist private property”—that is, capital as private property of the capitalist *class* and capital as private property of the individual members of this class, the ownership form in which capital appears initially. Capital as private property in the first (and fundamental) sense of class property is invariant with the existence of capital, since the conditions of production remain *non-property* of the immediate producers, given the latter’s separation (by definition) from those conditions.<sup>7</sup> However, as we saw earlier, capital as private property in the second, and (to us) secondary sense, undergoes transformation with the development of capitalism till the functionaries of capital—the real capitalists—are separated from ownership of capital.<sup>8</sup> This is the profound meaning of Marx’s “directly social capital,” under which the bureaucratic organization of capitalist production assumes the most palpable form. The failure of these Marxists to recognize the existence of capital in the absence of private (individual) ownership in capital is also connected with their rejection of the “state as the capitalist producer” in Marx’s sense. Thereby, the bureaucratic organization of production under the state functionaries of capital received their inadequate attention.<sup>9</sup>

---

<sup>6</sup>According to Hilferding “The capitalist is capitalist only in so far as he has capital” [Hilferding 1973, p. 154]. Similarly Bukharin opines that “the industrial bureaucracy does not directly belong to the capitalist class” [Bukharin 1989, p. 107].

<sup>7</sup>Thus, Marx speaks of capitalist property as “private property of a part of society” [Marx, 1956, p. 21] and of the capitalist “means of production (being) monopolized by a distinct part of society” [Marx, 1964a, p. 823]. Quite logically, the *Communist Manifesto* equates the abolition of private property (in capital) with the “disappearance of class property.”

<sup>8</sup>Capitalist private property in this sense is simply the “opposite of social, collective property,” the property of “non-labouring” “private individuals” [Marx, 1962a, p. 789].

<sup>9</sup>Even when the Marxists have spoken of “state capitalism,” the expression has been used in a purely descriptive, empirical sense, as a political instrument in the hands of the



Parallel with the recognition by the non-Marxist social scientists, after Marx, of the bureaucratic nature of organization of capitalist production has been the observation by a number of non-Marxist economists—again long after Marx—of the related phenomenon of separation between ownership and control in the modern capitalist enterprises.<sup>10</sup> However, the bureaucratic rule of the enterprises by directors has largely been interpreted by these scholars as inaugurating a basically non-capitalist society ruled by the new allegedly non-capitalist “managerial class” replacing (old) capitalism. Their argument is essentially based on identifying capitalist ownership with private (individual) ownership of the means of production, which is shown to be outside of the domain of the “corporate bureaucracy,” which effectively controls the industrial organization. It should, however, be stressed that the bureaucrats of capital—its hierarchically organized functionaries—do not form a new “class”—managerial or otherwise. They are *capitalists*, whether they work in the corporate sector or in the state sector, inasmuch as the organization of production which they command is based on the separation between the producers and the conditions of production, and their function is precisely to employ wage labour and extort surplus value from the (commodity producing) labourers with a view to the enlarged reproduction of the said separation—in a word, accumulation of capital. The question of the specific *form* of ownership of capital is irrelevant in this connection (given the non-ownership of the producers over the means of production).<sup>11</sup>

---

capitalist class and serving this class, but not in terms of the specificity of production relations *within* the state sector.

<sup>10</sup>T. Veblen [1967], J. M. Keynes [1972], J. Schumpeter [1950], G. Means, jointly with A. Berle [1968], J. R. Hicks [1971], and J. K. Galbraith [1979] are among the most eminent economists in this regard.

<sup>11</sup>The economists who have studied the phenomenon of the separation of ownership and control in the modern corporation have observed that profit maximization is not the principal motivation of the controllers of corporate business, the corporate bureaucrats. What these bureaucrats want, according to these authors, is the growth of the corporation by maximizing sales, provided that the earnings are sufficient to allow for the corporation’s steady expansion and to satisfy the stockholders [Marris, 1964; Baumol, 1967; Galbraith, 1979]. The salaries, power, and standing of the corporate bureaucrats, both within the corporation and in the business world at large, do not depend on maximization of corporate profits, as such. They depend on the growth of the corporation itself. To a superficial observer, the absence of the traditional motivation of profit maximization on the part of the controllers of modern corporations would seem to signify the end of capital accumulation, which would precisely mean that the corporate bureaucrats constitute a non-capitalist “new class.” However, if “capital” and “accumulation of capital” are used in the sense of Marx, then it must be said that accumulation of capital continues in modern corporations and that those

Curiously most Marxists, while justly rejecting the thesis of the (non-capitalist) “managerial revolution,” have based their polemics on essentially the same interpretation of capitalist property as appears in the writings of their opponents. As a matter of fact, these Marxists have tried to show the continuation of capitalism on the basis of private (individual) ownership of capital by simply denying any significant degree of separation between ownership and control in modern enterprises and by asserting that the managers themselves are substantial shareholders of the enterprises.<sup>12</sup> For them, those who direct the organization of production in the enterprises are some of the biggest owners of their stocks and not simply the hierarchically organized salaried “administrators of alien capital” as Marx had shown them to be. Quite naturally their neglect of the form of organization of production *within* a production unit under “directly social capital” has led them to ignore the bureaucratic basis of this organization, so that bureaucracy has meant for them exclusively “political” bureaucracy associated with the (bourgeois) state administration.

#### 4. Bureaucracy and Bolshevism

While showing little interest in bureaucracy as a general form of organization under capitalism, excepting treating it pejoratively in so far as it

---

who control the corporate affairs *are* accumulating capital. Capital in Marx’s sense, let us emphasize, is fundamentally a relation, and means of production become capital when they are separated from the (immediate) producers. Consequently, the accumulation of capital is only the extended reproduction of capital in this sense. As long as the producers remain separated from the means of production—and nobody has shown that this separation has ceased to exist in modern corporations—any corporate growth would by definition mean accumulation of capital where the corporate bureaucrats are only the latter’s functionaries. Profit maximization, a positive factor of growth of the enterprise when it is owner controlled, has been shown to be a hindrance to such growth when ownership is separated from control. However, if, as Galbraith affirms, the “prime goals” of the corporate bureaucrats are “a maximum rate of growth” and a “secure level of earnings” providing “revenues for the requisite investment” [Galbraith, 1979, p. 161], then what else are these bureaucrats doing but expanding “the means of production (that) stand in opposition to the living labour power as autonomous products and conditions of activity of precisely this labour power” [Marx, 1964a, p. 823], in other words, *accumulating capital*?

<sup>12</sup> See in this regard, the seminal paper by P. M. Sweezy [Sweezy, 1942]. Many later Marxists have argued along Sweezy’s lines. For a convenient summary of these views see M. de Vroey [1975]. For an interesting critique of this position by an Italian Marxist, see F. Galgano [1977].

forms part of the capitalist state machinery, many Marxists increasingly began to be preoccupied with the phenomenon of bureaucracy in Russia after the Bolshevik seizure of power. Contrary to what Marx and the Marxists had thought would happen with the conquest of political power by the proletariat, the existing state machinery, and consequently the bureaucracy, was not destroyed in Russia, even though the seizure of power was proclaimed in the name of the proletariat. As a matter of fact, bureaucracy started to grow steadily with the process of consolidation of the new regime. The phenomenon began to worry the Bolshevik leaders unprepared to confront the evil after the bourgeoisie had (supposedly) been defeated.

Lenin, during 1919–1923, saw bureaucracy not only in the soviet administration but also in the ruling party's organization itself.<sup>13</sup> But dealing with the problem purely empirically, he put the blame on the country's economic and social disorganization, its secular backwardness, its "petit bourgeois" character, as well as the incompleteness of the process of destruction of the old state machinery, but not on the character of the new regime itself. Bureaucracy connected with the state and party apparatus, he thought, could be eliminated through the necessary organizational reforms in society [Lenin, 1982, pp. 727–29]. Bureaucrats in no way constitute a separate "class" for Lenin.

L. Trotsky starts where Lenin left off. At first, he basically followed Lenin, while putting greater accent on the growth of bureaucracy within the organization of the ruling party itself.<sup>14</sup> But with the consolidation of the Stalinist regime, Trotsky deepens his analysis of the phenomenon until he came to hold, towards the end of the thirties, that the Stalinist regime was "a triumph of the bureaucracy over the masses" [Trotsky, 1957, p. 105]. Trotsky, however, refuses to recognize soviet bureaucracy as forming a new "class," considering that its existence and growth did not alter the "class nature" of the soviet regime which remains basically proletarian, given the absence of private (individual) property in the means of production.

Confronted with the monstrous presence of soviet bureaucracy a whole series of Marxists came to reject the U.S.S.R. as socialist, though they were not prepared to view it as capitalist either, at least not in the

---

<sup>13</sup>His principal works in this regard are (a) *Report to the Eighth Congress of the R.C.P.* (B), 1919; (b) "Tax in Kind," 1921; (c) *Report to the Eleventh Congress of the R.C.P.* (B), 1922; (d) "Better Fewer, but Better," 1923.

<sup>14</sup>In his *New Course* [1923].

usual—the so-called “western”—sense of the term. A number of Marxists came to hold a more specific point of view regarding the soviet regime. According to them, bureaucracy constituted the new (ruling) class, based on the “collective” (state) ownership of the means of production.<sup>15</sup> This new trend within Marxism develops from the twenties onwards.<sup>16</sup> Bruno Rizzi seems to be the first to develop systematically (within Marxism) the thesis of bureaucracy as a class (in his polemic with Trotsky) in 1939 [Rizzi, 1976]. According to him, the U.S.S.R. represents a new type of society led by a new social class, the bureaucrats, who collectively own the nationalized means of production, thereby resolving the capitalist antagonism between collective production and private appropriation. It is no longer the bourgeoisie that is the exploiting class. Exploitation has changed from an individual to a collective form. The bureaucracy has the monopoly of labor power, which is no longer bought by the capitalists [Rizzi, 1976, pp. 60, 72]. Initially maintaining that the bureaucratic class replacing the bourgeoisie extracts surplus value from the soviet proletariat [*ibid.*, Chapters III and IV], Rizzi later came to hold that under the state’s monopoly of the means of production and labor power there was neither commodity production nor a market for labor power, and consequently, there was no surplus value either [Rizzi, 1977, pp. 151, 154, 129]. Thus, there has emerged a new type of production relation in the U.S.S.R., neither socialist nor capitalist. The new system is more appropriately called “bureaucratic collectivism,” which he considers to be part of the emerging universal phenomenon: the “bureaucratization of the world.”

It is essentially the Rizzian thesis that is upheld, knowingly or unknowingly, by the American M. Shachtman in his theory of “bureaucratic collectivism” [1940] and by the Yugoslav M. Djilas in his very popular theory of the “new class” [1957]. In a somewhat more “sophisticated” version, the Rizzian thesis is presented by the Italian Marxist Antonio Carlo [1975]. The U.S.S.R., according to Carlo, is a class society, which is, however, not capitalist. In this “bureaucratic collectivism,” it is the bureaucracy, the central political class, that exercises power with its collective ownership of the means of production. This bureaucracy, by its re-

---

<sup>15</sup>For a good introduction to the debate on this question, see B. Bongiovanni [1975, pp. 259–69].

<sup>16</sup>Perhaps the most notable among the Marxists of this trend were initially C. Rakovsky, B. Souvarine, A. Treint, S. Weil, and A. Ciliga. The views of the last four are conveniently summarized in R. Tacchinardi and A. Peregalli [1990, Chapters III and V]. For Rakovsky, see his article in I. Howe (ed.), 1972.

lation to the means of production, is both a “class in itself” and a “class for itself” in the sense of Marx. As the bureaucracy exploits the workers by expropriating their surplus labor, the society is not socialist. However, it is not capitalist either, because, given the unicity of ownership of the means of production, with workers having only one master, there is neither commodity production nor anything like the competition of capitals. While thus accepting the substance of Rizzi’s position, Carlo differs with Rizzi in that he rejects bureaucratization as a world tendency and refuses the “indiscriminate confusion of Stalinism with fascism and The New Deal U.S.A.”

A Polish variant of the bureaucracy-as-class thesis was offered in the sixties by K. Modzelewski and J. Kuron [1969]. Speaking explicitly of their own country, they held that the “central bureaucracy” constituted the “dominant class” there. The “state-party elite,” that is, the bureaucracy, held the totality of economic and political power. It disposed of the nationalized means of production, decided the relative importance of accumulation and consumption, as well as the distribution and use of the total social product. These authors emphasized that what was decisive in determining this bureaucracy as a class was the “ownership relation, the basis of production relation.” The class character of this bureaucracy thus depended on its “group ownership” of the means of production. The workers “sell their labour power” to the “central political bureaucracy” as a class whose aim was not accumulation (in the sense of capitalism) but “surplus product in its physical form” and increase of production, that is, “production for the sake of production.”<sup>17</sup>

The thesis of bureaucracy as a class is elaborated in France in the pages of the journal *Socialisme ou Barbarie* [1949–1965] by the dissident or ex-Trotskyists, notably, C. Castoriadis [1973] and C. Lefort [1971], in their analysis of the nature of the soviet regime.<sup>18</sup> Their analysis is somewhat novel compared to the Rizzian thesis. It is set in the broader context

---

<sup>17</sup>The (East) German Marxist R. Bahro seems to have offered a kind of “updated” version of this thesis in his widely publicized book on the then East German society towards the end of the seventies [Bahro, 1981]. According to him, under the “polibureaucratic dictatorship,” although the material products were “commodities” and wages were the price paid by the “appropriator state” for the “commodity labour power,” production was not for any kind of profit on the state’s part, and what was at stake was not “surplus value,” but simply “surplus product.”

<sup>18</sup>For a critical account of the position in question (particularly with reference to Lefort), touching at the same time on the theme in general, see the important article by R. Lourau. [1971].

of what they considered as the new phase of world capitalism, transcending the phase analyzed by "traditional" Marxism, namely, "bureaucratic capitalism." Within the framework of Marxist theory, these writers place a third category of social formation—"bureaucratic capitalism"—besides the two categories traditionally distinguished for the modern world, namely, competitive capitalism and socialism. They affirm that the soviet bureaucracy is a veritable ruling and exploiting class as the social expression of the new socioeconomic formation and of the new model of exploitation. In general "bureaucratic capitalism," as the contemporary phase of world capitalism is based on growing concentration of ownership in the means of production, where effective domination is exercised by the directors of enterprises increasingly linked with the state apparatus. The soviet bureaucracy, simultaneously holding economic and political power, is a new class which benefits from this general evolution and realizes all the capitalist ambitions. Unlike the traditional capitalists, the soviet bureaucrats are not individual owners of the means of production but, in so far as they constitute a class, they have all the privileges of an owning class—decision and orientation of investment, fixing prices and wages, nominating and discharging lower-level directors. To the extent that the bourgeoisie in "western" capitalism desires a total control over the economy—the elements of which are already present in monopolies, as well as in the different forms of state ownership and control of the means of production—it also aspires to be a bureaucracy. In this sense, bureaucratization, which is already a reality in the U.S.S.R., is a *tendency* which is in the process of being realized in "western" capitalism.

Perhaps the most eminent contemporary partisan of the theoretical tendency in question is P. M. Sweezy [1980, 1985]. The "post revolutionary" or the "soviet type" society, he holds, is a "self-reproducing system of antagonistic classes." It is a new social formation in its own right. Neither socialist nor capitalist, it is an authoritarian class society with the state ownership of the main means of production and central planning. Even though the "basic class relation of exploitation is capital-labour relation," we are not, he holds, dealing with a capitalist society. The new ruling class—the "huge bureaucracy"—derives its power and privileges from the unmediated control of the state and its multifarious apparatuses of coercion, and not from the ownership and control of capital. This means that the utilization of society's surplus product is "no longer governed by the laws of value and capital accumulation." There is the "politicization of (social) surplus utilization." In capitalist society, the state is the servant of the economy; in this new society, under the new ruling class, the "state

is the master.” Compared to the other partisans of the thesis under discussion, Sweezy’s explicit use of the term “bureaucracy” is infrequent. Nevertheless not only he does not reject bureaucracy as a class, but he does, while analyzing the rise of the “new class,” speak of the “huge bureaucracy” developed under Stalin.

### 5. Bureaucrats as “Active Capitalists”

It is remarkable that the Marxists after Marx have treated bureaucracy uniquely as a part of the state apparatus. *Formally* this is also true of Marx. However, unlike Marx they have paid little attention to the form that the organization of capitalist production takes within an enterprise and have failed to notice that the organization of capitalist production, based as it is on cooperative labor under the command of capital, necessarily takes the form of a rigid hierarchy of the salaried functionaries of capital, that is, essentially a bureaucratic form. Earlier than perhaps anyone else, Marx discerned this characteristic inherent in the capitalist mode of production, even at the beginning stage of labor’s real subsumption under capital. Though he did not formally call this form bureaucratic, the basic elements for studying the capitalist organization of production as a bureaucracy are present in his writings. Non-Marxist social scientists started to study this aspect of capitalist production when it became most palpable, with the separation of ownership from control in the unit of production. However, narrowly understanding capitalist private property as individual ownership over capital, they concluded that the bureaucrats in production formed a new (non-capitalist) “class.” For the same reason, most Marxists have failed to appreciate that at a particular stage of capital accumulation—the stage at which capital assumes “directly social” character—the (individually) non-owning “administrators of alien capital,” that is, the pure bureaucrats of capital, *are* the real capitalists, simply because they are the real “bearers” of capitalist relations of production. They have not understood that a necessary and sufficient condition for what Marx calls the “juridical existence” of capital is simply the *non-property* of the immediate producers in the conditions of production, whoever be the latter’s owners individually or collectively. (The non-property, of course, follows from the separation of the producers from those conditions).<sup>19</sup>

However, the absence of discussion, among the Marxists, of bureaucracy as a necessary organizational form of capitalist production has been more than matched by the discussion, by a number of Marxists, of the

so-called “bureaucratic mode of production” in the earlier and in the supposedly “post-capitalist” societies. It is remarkable that for these Marxists the basis of analyzing the above-mentioned societies is not the specificity of their social relations of production, but what—from a Marxian point of view—only arises from these relations, namely, the form of ownership and the form of exchange connected therewith. As, according to them, capitalist property is uniquely private individual property in the means of production, and as, again according to them, commodity production-and-exchange (giving rise to competition of capitals) follows only from such ownership, the so-called “post-revolutionary” economies (societies) could, in the absence of these features, only be non-capitalist. Not only that, they are supposed to be “bureaucratic” because of the state ownership and control of the means of production.

Now the criterion used by these Marxists for deriving the (non) existence of wage labor and competition of capital (based on commodity exchange)—namely, the absence of private (individual) ownership in the means of production—appears to us to be methodologically flawed. Whether wage labor and competition of capital exist in a society has to be decided not on the basis of a specific form of property in the means of production but on the basis of the character of the society’s real relations of production. The failure of these Marxists to understand what is “capital” is also patent here. They fail to see that capital is simply the separation of the immediate producers from the conditions of production, where this separation or the laborers’ “freedom” exists only with respect to *individual* capitals, but not with respect to what Marx calls “total social capital,” in relation to which the labourers remain “wage slaves.”<sup>20</sup> Simi-

---

<sup>19</sup>A word of clarification may be in order. Non-property of the immediate producers in the conditions of production does not necessarily make these conditions *capital*, inasmuch as this characteristic holds for all class societies (excepting in the case of the independent producers). What makes the conditions of production capital and the producers proletarians is the *separation* between the two. Unlike in earlier social formations, the producers under capitalism are “doubly free.” As Marx states, they are neither possessors of the conditions of production (like the independent producers), nor are they considered as a part of the conditions of production (like slaves and serfs). Thus, separation *ipso facto* signifies non-ownership, but the converse is not necessarily true. Marx, of course, emphasizes that this separation is with respect to individual capitals only, but not with respect to “total social capital,” that is, the capitalist class.

<sup>20</sup>Cf. “The wage labourer is bound to his proprietor by invisible threads. Only this owner is not the individual capitalist, but the capitalist class” [Marx, 1962a, p. 599]. The second sentence, not appearing in Engels’ edition, was added by Marx in the French version of *Capital* [Marx, 1965, p. 1076].



larly, they fail to see that “competition of capitals” (based on commodity-exchange) in the sense of Marx—which is very different from the classicals’ “free competition”—exists whenever reciprocally autonomous units of production based on wage labor exchange their products taking commodity form, and thus participate in the share of the total surplus value extracted by the total social capital, irrespective of the specific type of ownership over the separate production units or the specific way the commodities are exchanged. (As Marx repeatedly emphasizes, each individual capital is only a “fragment” of total social capital, and, hence, has no independent existence in an absolute sense. It is only independent relatively, that is, *in relation to* other individual capitals). Thus, a particular mode of production (and the society corresponding to it) does not lose its capitalist character and becomes “bureaucratic” if and as long as these features continue to characterize this mode. It seems that both while ignoring the organizational aspects of capitalist production and while emphasizing the bureaucratic character of organization of what they consider to be “non-capitalist” societies, most Marxists have failed to understand the relation of close, positive association between the capitalist mode of production and the bureaucratic form of organization of this production, in spite of the presence of all the basic elements to this effect in Marx.

In a sense, the reason among the Marxists for both neglecting the specific organizational form of production in capitalist society and emphasizing bureaucracy as the determining factor of economic and social life in the so-called “post-capitalist” society is the same. It is the inadequate understanding of “capital” and “capitalist” within the Marxian framework. Capital, we may recall, is a social (and *not* individual) relation of production, where this relation is the separation of the immediate producers from the conditions of production, the producers’ own creation. Separated from the producers, their own creation dominates and commands them as capital, mediated by its “bearer” or “functionary”, the capitalist.<sup>21</sup> Consequently, the form of organization of production corresponding to this “command” has to be bureaucratic, given the social character of production, as we have argued above. Identifying, for all practical purposes, capital with the private (individual) ownership of the means of production and the capitalist with the individual owner (and not seeing

---

<sup>21</sup> Pointing to the “inversion of thing and person”, Marx remarks, paraphrasing Ricardo, that (in capitalism) “the means of production employ the labourer” [Marx, 1969, pp. 34–35].

the capitalist as the commanding “administrator” of capitalist relation), most Marxists have missed this elementary point. Marx, indeed, emphasizes that the “capitalist” is simply the “necessary functionary of capitalist production . . . who obtains by force the production of surplus value” [Marx, 1962c, p. 359], and “it is the employing capitalist” (and not necessarily the owner of capital) “who immediately extracts from the labourer this surplus value” [Marx and Engels, 1970, p. 213].

In the same way, when some Marxists derive, from the state ownership and control of the means of production, the character of the social formation supposed to be “non-capitalist” (‘bureaucratic’), it is the same conception of capitalism—one based on private (individual) ownership of capital—that determines their theoretical position. Furthermore, the derivation of the social character of the regime from the state ownership and control of the means of production and not from the character of society’s relations of production implies the abandonment of Marx’s materialist conception of history. First of all, the (juridical) ownership relations—not to speak of ownership *forms* within these relations—are neither identical with nor determine the (real) relations of production—hence the character of society. As Marx underlines, “juridical relations arise from production relations” [Marx, 1966c, p. 177], and ownership relations only “reflect” the production relations which are their “content” [Marx, 1962a, p. 99]. Secondly, these Marxists seem to make society’s “superstructure” determine its “basis.” A fundamental tenet of Marx’s materialism, we know, is that it is the mode of production of material life that determines society’s legal and political character, not the other way about. Indeed, Marx calls society’s relations of production its “real basis,” from which arises its “juridical and political superstructure” [Marx, 1958, pp. 12–13]. Thus, instead of taking the social relations of production and its character as the point of departure for finding out why the “superstructure” of the particular society has assumed such a character, the Marxists in question have made this “superstructure” determine the “basis” itself. It may not be out of place if we recall, in this connection, a fundamental methodological note that Marx inserts in the first chapter of *Capital*. There, Marx refers to one of his critics who questioned the relevance, for the ancient world, of Marx’s materialist proposition that it is on the economic structure of society that the juridical and political structure arises, contending, instead, that “politics ruled” in the ancient world. In his reply, Marx emphasized that the ancient world “could not live on politics.” On the contrary, he argued precisely that “the way in which it gained its living”—that is, its mode of production of

material life—explains why politics played the “main role” there [Marx, 1962a, p. 96].

It seems thus, fundamentally, that it is Marx’s method that has passed these Marxists by.

## References

- Bukharin, N. “Ekonomika perekhodnogo perioda,” 1930. In *Problemyi teorii i praktiki sotsializma*. Moscow: Politizdat, 1989.
- Berle, A., and G. Means. *The Modern Corporation and Private Property*. New York: Harcourt Brace, 1968.
- Bongiovanni, B., ed. *L’antistalinismo di sinistra e la natura sociale dell’ URSS*. Milan: Feltrinelli, 1975.
- Bahro, R. *The Alternative in Eastern Europe*. London: Verso, 1981.
- Baumol, R. *Business Behaviour, Value and Growth*. New York: Harcourt Brace and World, 1967.
- Carlo, A. “La natura sociale dell’URSS.” Milan. *Quaderni di Terzo Mondo* (8): 1975.
- Castoriadis, C. *La société bureaucratique*. Paris: UGE, 1973.
- de Vroey. “The Separation of Ownership and Control in Large Corporations.” *Review of Radical Political Economics* 7 (2): 1975.
- Galbraith, J. K. *The New Industrial State*. New York: The New American Library, 1979.
- Galgano, F. “Grande impresa i transizione.” *Critica Marxista* (3): 1977.
- Gordon, R. A. *Business Leadership in Large Corporations*. Berkeley: The University of California Press, 1961.
- Gouldner, A. W. *Patterns of Industrial Bureaucracy*. New York: The Free Press of Glencoe, 1954.
- Hicks, J. R. *The Social Framework*. Oxford: Clarendon, 1971.
- Hilferding, R. *Das Finanzkapital*, I. Frankfurt am Main: Europäische Verlagsanstalt, 1973.
- Howe, I., ed. *A Handbook of Socialist Thought*. London: V. Gollancz, 1972.
- Keynes, J. M. *Essays in Persuasion. The Collected Works of J. M. Keynes IX*. London: Macmillan, 1972.
- Lenin, V. I. “Luchshe men’she, da luchshe.” *Izbrannye Proizvedeniya III*. Moscow: Politizdat, 1982.
- Lefort, C. *Éléments d’une critique de la bureaucratie*. Geneva: Droz, 1971.
- Lourau, R. “La bureaucratie comme classe dominante.” *L’homme et la Société* (July–August–September 1971).
- Marcuse, H. “Industrialisierung and Kapitalismus in Werk Max Weber.” *Kultur und Gesellschaft*. Frankfurt: Suhrkamp Verlag, 1965.
- Marris, R. *The Economic Theory of Managerial Capitalism*. New York: The Free Press, 1964.

- Marx, K. *Theorien über den Mehrwert I*. Berlin: Dietz Verlag, 1956.
- Marx, K. *Zur Kritik der politischen Ökonomie*. Berlin: Dietz, 1958.
- Marx, K. *Das Kapital I*. Berlin: Dietz, 1962a.
- Marx, K. *Theorien über den Mehrwert III*. Berlin: Dietz, 1962b.
- Marx, K. "Randglossen zu Adolph Wagner's 'Lehrbuch'." In Marx and Engels, *Werke*, Vol. 16. Berlin: Dietz. (Hereafter *MEW*), 1962c.
- Marx, K. *Das Kapital III*. Berlin: Dietz, 1964a.
- Marx, K. "Brief an Weydemeyer," 1852.5.3. In Marx and Engels, *Ausgewählte Schriften II*. Berlin: Dietz. (Hereafter *MEAS*), 1964b.
- Marx, K. (and F. Engels). "Brief an Bebel, Liebknecht, Bracke und andere, 1879.9.17/18. In *MEAS II*.
- Marx, K. *Oeuvres: Economie I*. Paris: Gallimard, 1965.
- Marx, K. "Zur Kritik der Hegelschen Rechtsphilosophie. Einleitung." In Marx and Engels, *Studienausgabe I*. Frankfurt am Main: Fischer Taschenbuch. MESA: Fischer, 1966a.
- Marx, K. "Der achtzehnte Brumaire des Louis Bonaparte." In *MESA IV*. Frankfurt am Main. Fischer, 1966b.
- Marx, K. "Randglossen zum Programm der deutschen Arbeiterpartei" ("Gothaer Programm"). In *MESA III*, Frankfurt am Main: Fischer, 1966c.
- Marx, K. *Oeuvres: Economie II*. Paris: Gallimard, 1965.
- Marx, K. *Resultate des unmittelbaren Produktionsprozesses*. Frankfurt: Verlag Neue Kritik, 1969.
- Marx, K. *Wages, Price and Profit*. In Marx and Engels, *Selected Works*. Moscow, 1970. (Hereafter *MESW*).
- Marx, K. "The Civil War in France." Moscow: *MESW*, 1970.
- Marx, K. "Die moralisierende Kritik und die kritisierende Moral." In *MEW IV*. Berlin: Dietz, 1972.
- Marx, K. *Das Kapital II*. Berlin: Dietz, 1973.
- Marx, K. "Zur Kritik der Hegelschen Rechtsphilosophie: Kritik des Hegelschen Staatsrechts. In *MEW I*. Berlin: Dietz, 1976a.
- Marx, K. "Zur Kritik der politischen Ökonomie." (Manuskript 1861–1863). In Marx and Engels, *Gesamtausgabe 2 Abt. B. 3/1*. Berlin: Dietz, 1976b.
- Mason, E. "Introduction." In *The Corporation in Modern Society*, ed., E. Mason. New York: Atheneum, 1976.
- Modzelewski, K., and J. Kuron. *Lettre ouverte au parti ouvrier polonais*. Paris: Maspéro, 1976.
- Rizzi, B. *La burocratizzazione del mondo* (1939). Paris: Champ Libre, 1976.
- Rizzi, B. *Il colettivismo burocratico*. Milan: Sugarco, 1977.
- Schumpeter, J. A. *Capitalism, Socialism and Democracy*. New York: Harper and Row, 1950.
- Sweezy, P. M. "The Illusion of the Managerial Revolution." *Science and Society* 6: 1942.
- Sweezy, P. M. *Post-Revolutionary Society*. New York: Monthly Review Press, 1980.

- Sweezy, P. M. "After Capitalism — What?" *Monthly Review* (July–August 1985.)
- Trotsky, L. *The Revolution Betrayed*. New York: Pioneer Publishers, 1957.
- Tacchinardi, R., and A. Peregalli. *L'URSS e i teorici del capitalismo di stato*. Rome: Piero Lacaita, 1990.
- Weber, M. *Wirtschaft und Gesellschaft*. Tübingen–Verlag von J. C. B. Mohr, 1925.