THE *MANIFESTO* AND THE MIDDLE CLASS

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Abstract

This paper examines Marx's claim in the *Manifesto* that capitalist society would polarize into two classes in light of the current evidence on growing inequality in American society. It argues that the middle class of industrial society is not an anomaly but a product of the incomplete development of capitalism and *this* middle class is presently being threatened with extinction through technological innovations in the forces of production.

The Manifesto and the Middle Class

Any intellectual tradition which fails to reexamine, reevaulate, and reappraise its roots runs the risk of stultifying into dogma. Reevaluation and reappraisal should, in fact, be a constant process with two objectives: weeding out foundational ideas that are no longer relevant and, amplifying and reasserting ideas which continue to provide valid insights into social life.

This process of reevaluation is especially important in and for Marxism for two reasons. First, as Marx's insisted, "all things existing" should be subjected to a "ruthless critique" and it is evident that even his own thinking was not to be exempted. In fact, the development of Marx's thought can be seen as his "ruthless" criticism of both his ideas and those of early thinkers. Second, Marxism has, for a variety of reasons and at different times and places during the last 100 years, ossified into a doctrine. In some cases, this was for 'positive' reasons such as providing a revolutionary credo or systematizing the basis for reorganizing society while in others, it was for such 'negative' reasons as legitimating the dominance of a social strata or justifying atrocities. But, whatever the reason, this transformation into dogma has been detrimental to Marxism's ability to explain social reality. Instead of modifying ideas and concepts to explain new realities, reality has been increasingly distorted so that it corresponds to a set of staid and immutable concepts. As a consequence, both our understanding and our concepts suffer: concepts lose their relevance and understanding is unable to explain situations and formulate appropriate actions.

For this reason, critical self examination and reappraisal should be a constant process. But there are also occasions which especially demand the reconsideration of a document. The 150th anniversary of the Communist Manifesto was such an occasion. Even though the Manifesto was never intended to be a complete exposition of Marx and Engels', thought it is nonetheless, one of the most precise and succinct summaries of some of their key ideas. Admittedly, these ideas are in an early stage of development and are, in most cases, no more than an outline but the Manifesto still seizes the reader's attention with its compactness, power and clarity of ideas.

As a document, the Manifesto has served two fairly distinct roles. One, largely in keeping with its original intentions, was as a "call to arms" for the industrial proletariat around the world. The other, which was no doubt also part of the Marx and Engel's original intention was as a "primer" on their thinking. This second is somewhat problematic because, over time, the Manifesto was transformed by some from a "primer" to "Cliff Notes." Among proponents, this over reliance on the pronouncements in the Manifesto resulted in mechanistic conceptions and interpretations while critics used the Manifesto to "dispute" Marx by pointing to its "failed predictions." In either case, the Manifesto was reified, and its precisely this reification which prompts Lukacs to write in "What Is Orthodox Marxism:"

> Let us assume for the sake of argument that recent research had disproved every one of Marx's individual theses. Even if this were to be proved, every serious 'orthodox' Marxist would still be able to accept all such findings without reservation and hence dismiss all of Marx's theses *in toto*—without having to renounce his orthodoxy for a single moment. Orthodox Marxism, therefore does not imply the uncritical acceptance of the results of Marx's investigations. It is not the 'belief' in this or that thesis nor the exegesis of a 'sacred' book. On the contrary, orthodoxy refers exclusively to method. It is the scientific conviction that dialectical materialism is the road to truth and that it methods can be developed, expanded and deepened only along the lines laid down by its founder.

With this belief in mind, this essay will examine a fundamental claim of Manifesto in light of the present. This claim appears in brief passages of the Manifesto and is later developed at the end of Volume I of *Capital*. It is the assertion that the continued development of capitalism will eliminate the middle class. This, in turn, will polarize society into two opposing classes and result in increasing poverty among the proletariat. The immiseration of the proletariat will create both the objective and subjective conditions for the proletarian revolution. Objec-

tively, immiseration will be the cause of a final massive crisis of overproduction while subjectively, immiseration will convert the proletariat into a revolutionary "class for itself." A proletarian revolution will destroy the capitalist state and capitalist social relations and create a proletarian state.

The basic ideas in this scenario—the disappearance of the middle class and the polarization of society—as well as the related ideas of the inevitable final revolution have received a great deal of attention over the last 100 odd years. Critics have pointed to the fact that none of these 'predictions' have materialized in advanced industrial societies and therefore, Marxism is fundamentally flawed. Marxists on the other hand, have either gone to great lengths to either demonstrate that society has, in fact, polarized into two antagonistic camps or explain why it has not occurred. I contend that both critics and supporters have been far too hasty in either attacking or defending these propositions and that the process of polarization identified by Marx may, just like many other phenomena and processes he identified, require far more time to realize itself.

Marx, as we know, identified tendencies but never specified when these tendencies would come to fruition. The general assumption was that these tendencies were either short term or middle run processes. In fact, it appears that these processes were long term processes and it has only been within the last 15 years that the tendency for society to polarize in the manner mentioned by Marx has become evident. Comprehending this process requires a brief examination of the rise and decline of the middle class in industrial society.

The Middle Class (1)

"Our Epoch," Marx writes in the *Manifesto*

> the epoch of the bourgeoisie, possesses, however, this distinctive feature: It has simplified class antagonisms. Society as a whole is more and more splitting up into two hostile camps, into two great classes directly facing one another—Bourgeoisie and Proletariat. . . . The lower strata of the middle class—the small tradespeople, shopkeepers and rentiers, the handicraftsman and peasant—all these sink gradually into the proletariat because their diminutive capital does not suffice for the scale on which Modern Industry is carried on, and is swamped in the competition with large business, partly because their specialized skill is rendered worthless by new methods of production. Thus the proletariat is recruited from all classes of the population.

As critics are fond of pointing out, this process has not occurred as Marx predicted. While elements of the "old" middle class slowly disappeared, Capitalism simultaneously "created" a new, and larger middle class. For some, like E.O. Wright (1985, 13) this failure of society to polarize into two groups is a major "embarrassment" for Marxist class analysis. In truth, the "new" middle class is not an embarrassment but a historical fact which should be *explained* and not, as Wright and other 'Marxist' have tried to do, *explained away*.

Much of Marx's "schematic" (as opposed to "detailed") thinking about the middle class, especially in relations to its rapid disappearance, is related to his understanding of the effects of the mechanization of industry on society. To a large extent, Marx's extrapolations of these were rooted in the history of the development of machinery in textile industry. But, as fate would have it, textiles have proven to be both an "exception" and a "rule." A "rule" insofar as textile production was fully mechanized, thus indicating a basic tendency of capitalist production, an "exception" in the fact that it happened as quickly and easily as it did. Hence, Marx believed, based on the example of textiles, that the conversion of all production processes into fully automatic systems would occur fairly quickly and this belief lay at the heart of Marx's claim about the inevitable polarization of society and the growing immiseration of the proletariat.

In reality, it has proven far more difficult to rapidly achieve levels of mechanization comparable to the textile industry in other industries and activities. Mechanization has been uneven process. Its uneven character as well as the prolonged period required to transform production into fully automatic systems have offset the inherent tendencies toward polarization and immiseration. In fact, Marx anticipated but did not adequately explore the consequences of this prolonged period in his concept of the "socialization of production".

For Marx, the socialization of production precedes on two levels. At one level, it appears as the extension of capital's control over labor and, at the other, as Capitalism's inherent tendency to increase productivity. At both levels, these processes follow the same logic and have the same consequences in the factory and in society. The fundamental logic of these processes is what Braverman (1974) identified as "the separation of conception and execution." As conception is increasingly separated from execution on the shop floor, execution is gradually transformed into the regular and mechanical repetition of predefined motions, *ala* the technical division of labor, Taylorism and Fordism. Ultimately, this creates the

possibility that these motions can be mechanically duplicated and the living labor which performed these motions displaced by automatons.

But, in the short to medium run, this has not been possible. It has not been possible to reduce *all* manual tasks to predefined, simple, repetitious movements nor has it been possible, until very recently and only in selected tasks, to develop viable mechanical replacements for all living labor. As a result, conception was never totally eliminated from the shop floor. Elements of conception are still required to perform manual tasks and not all work, even though highly routinized, can be performed by machinery. As a consequence, a hierarchy emerges among manual workers based on the degree to which conception is required to perform tasks. At the top of this hierarchy are workers whose tasks call for the greatest degree of conception, namely skilled workers such as machinists, tool and die makers, electricians and machine repairers. At the bottom are workers whose tasks call for no conception and can be easily performed with no or minimal training. This hierarchy of "skills" is reflected in a hierarchy of wages for manual workers. In general, there are substantial wage differentials between manual workers whose jobs require a high degree of conception and those who perform routine, repetitious work. In fact, it is possible to identify a "functional stratification" among these workers. Those with important and limited skills for capitalism, and not as Davis and Moore maintain for society as a whole, commanding "higher" rewards.

At the same time, whatever mechanization occurred did not eliminate these differences but created new types of differences among workers and the growth of a whole new strata of "mental workers." Attempts to further eliminate conception from the shop floor, merely relocated conception into this new strata whose numbers have rapidly expanded with the growth of capitalism. Organized in a complex division of mental labor, these workers collectively perform the acts of conception, i.e., management, coordination, entrepreneurialism, product innovation, which the enterprise requires. Like manual workers, mental workers are not a homogenous mass. They are functionally differentiated and this is reflected in a hierarchy of wages or salaries.

Historically, socialization and mechanization proceed simultaneously. But capitalism's primary success has, until recently, been the socialization and not the mechanization of production. Capitalism *socializes* production at three levels. In socializes *execution* by disaggregating the act of production and assigning its constituent steps to different individuals. It socializes *conception* by creating a new strata of workers specifically

for these tasks and dividing conception among these workers. Finally, it *socializes the entire process of production* by combining these two groups and their activities.

The social consequences of this process appear as follows: even though socialization and (incomplete) mechanization deprive some individuals of their middle class status, on the balance, these processes add more members to the middle class than they remove. Some of these are mental workers, recognized by Marx under the heading of these who "command in the name of capital." Another group are the upper strata of manual workers. These two groups and *not* simply skilled manual workers represent the "aristocracy of labor". These workers, both mental and manual, are objectively proletarian because they do not own the means of production. What differentiates them from proletarians is that this group not only believes themselves to be different, or more simply, believes themselves to be "middle class" but they think, act, and display a distinct social identity on the basis of this belief.

The Middle Class (2)

In the last 15 years, it is this middle class, the middle class created by Capitalism, which is threatened with disappearance. The immanent disappearance of this middle class suggests that the tendencies identified in the Manifesto are, in fact, beginning to assert themselves.

Empirical studies during the last 15 years clearly indicate what can only be described as a sustained attack on the middle class. While precise opinions about the forces affecting this group vary (Bernstein and Mishel 1997, Kacapyr 1996, Johnson and Shipp 1997, Bradbury 1996, Ehrle 1996, Brauer and Hickock 1995, Lawrence 1995, Green, Henley and Tsakalotos 1994, Grubb and Wilson 1992, Simmie and Brady 1989, Bluestone 1990, Kacapyr 1996), there is general agreement that inequality in the US has increased tremendously—one often cited piece of evidence is the increase in the Gini coefficient for the US from .394 in 1970 to .456 in 1994—and that the group most affected is the middle class. In fact, some argue that the middle class in the United States has already disappeared. According to Ehrle (1996, 18) 57% of households in the United States had incomes below the median income in 1994 and this is "clearly not a figure to inspire confidence in any middle-class economic model."

While there is debate about this development, there is also a general consensus that the two important forces accounting for this "attack" are technological changes and a shift in the character of advanced capitalist economies (Kacapyr 1996, Bluestone 1990, Simmie and Brady 1989,

Brauer and Hickock 1995, Oshima 1993, Ide and Cordell 1994, Mishel and Bernstein 1992, Bell 1993, Rifkin 1995). But these explanations mainly view these developments in the short term. They fail to contextualize the processes of declining median wages and growing income inequality in the longer history of capitalism and also fail to explain an apparent paradox: how could technological change once produce a rising median wages and a decrease in income inequality and why does it presently have the opposite effect.

To do so, it is necessary to distinguish between two periods in the 20th c. history of capitalism, a period from ca. 1920 to 1965 and a period from 1965 to the present. During the first period, significant technological change occurred, especially in the tools of production. It occurred mainly on the shop floor and primarily affected manual workers. Productivity increased and workers were displaced. Productivity enhancements enabled enterprises to reduce the ranks of their manual workers but these same enhancements tended to swell the ranks of mental workers. At the same time, the workers who were displaced were either able to find jobs in other industries which were less advanced in terms of technological innovation or, in a few cases, join the ranks of mental workers. In any case, median wages tended to remain tied to industrial employment because workers remained within the industrial sector and any movement which occurred was primarily *between* different branches of industry.

In the 1960's the character of capitalism in the US began to change. Bell (1973) calls this the emergence of Post-Industrial society, others offer different names but the central fact is that employment in manufacturing begins to decline and employment in non-manufacturing activities begins to increase. Between 1960 and 1996, employment in the "goods producing" sector (excluding agriculture) declines from 37.7% of the work force to 20.3% with nearly all this decline explained by a decline in manufacturing employment from 31% of the workforce to 15.3%. At the same time, the share of total employment in the "service producing" sector grows from 62.3% of the work force in 1960 to 79.7% in 1996 with the single largest increase occurring in so-called "Services." This sector expands from for 13.6% of the work force in 1960 to 28.7% of the work force in 1996. (Statistical Abstract of the United States, 1997.)

Unfortunately, post-industrialism did not have the consequences that Bell and others believed. Bell and the prophets of post-industrialism believed that the new economy would be an information economy and the new, non-manufacturing jobs would be high wage, high content "symbolic manipulator" jobs. In actuality, the new economy appears to

be a service economy (in the narrow sense of the term) and the majority of post-industrial jobs appear to be low wage, low skill jobs. This transformation can be seen by comparing the earnings trend in Manufacturing, which experienced the greatest loss of workers since 1960, ca. 15% of the work force, with earnings trend in Services, which experienced the greatest gain in employment, ca. 15% of the work force.

Weekly Earnings, Manufacturing and Services, 1960 to 1995
(In Current and 1995 Dollars)

Year		1960	1970	1980	1985	1990	1993	1995
Manufacturing	Current	90	133	289	386	442	486	515
	1995	504	522	534	546	515	512	515
Services	Current	NA	97	191	257	319	350	369
	1995		381	353	364	371	369	369

Current Dollars from Statistical Abstract of the United States, 1997, Table 660. 1995 Dollars calculated using Table 674, Federal Minimum Wage Rates: 1956 to 1995, value in constant 1995 dollars.

Average weekly earning in services is approximately 70% of the weekly average in manufacturing. Assuming that approximately 15% of the workforce has, over the last 30 years, relocated from manufacturing to services, there is little wonder that median income in the United States has declined or stagnated nor is it surprising, as Kacapyr (1996, 6), notes that the Gini coefficient rises as the proportion of jobs in manufacturing declines. Even more interesting are these trends in terms of real (1995) dollars. Although average hourly earnings in manufacturing have fluctuated, the overall trend has been for a slight growth in weekly earnings. Weekly earnings in services also fluctuate but the overall trend has been a decline as a consequence of increased pressure for jobs and its negative effect on wages.

Not only are wages lower in the "Service" activities but they are also more skewed. Unlike manufacturing which created jobs in the 'middle', jobs in services tend cluster at the ends of the wage continuum—either in high wage managerial, technocratic or technological jobs or in low wage manual or mental labor (Simmie and Brady 1989, Brauer and Hickock 1995). As the number of jobs in services increases, this contributes to the phenomena noted by most economists, the growth in income inequality over the last 20 years.

In other words, after ca. 1965, technological change in one branch industry no longer pushed manual workers into another branch of industry as in the previous period, because overall industrial employment was contracting. As a result, displaced and replacement workers were forced to seek employment in services. But this, in itself, does not fully explain the attack on the middle class because historically, the same processes of technological change which displaced manual workers in industry also tended to create additional jobs in the mental division of labor. While this occurred, its extent has been limited and, since the early 1980's, the opposite has occurred: mental workers are increasingly being displaced. In part, this is due to reorganizations or so-called "downsizing" where manufacturing enterprises have reduced the number of intermediate level managers in order to reduce fixed costs and enhance competitiveness (Mishel and Bernstein 1992). But a far more important factor in explaining the displacement of mental workers is the technological transformation of mental work through the use of computers and information technology.

Unlike manual labor in industry which has, as the result of technological transformations, experienced a fairly consistent process of displacement over the last 100 years, the displacement of industrial mental labor through technological transformations is relatively new. Where in the past, manual workers were victims of improvements in machine system, today, both mental and manual workers are victims of high speed microprocessors and related technologies such as speech synthesis, optical pattern and character recognition, artificial intelligence and high speed networks. As a consequence, the job and wage structure in manufacturing is beginning to resemble the job and wage structure in services. Jobs in the middle are disappearing as 'telemation' eliminates the lower ranks of mental labor and the upper ranks of manual labor and leaves jobs at the ends of the continuum—high level, high wage managerial, technocratic or technological jobs and low level, low wage unskilled labor. The universally noted decline of manufacturing employment is coming mainly from the disappearance of middle range jobs in industry which are primarily middle class occupations. (Bell 1993, Mishel and Bernstein 1992, Ide and Cordell 1994, Rifkin 1995.)

As mental workers are displaced, they are confronted with the same situation as manual workers. Their jobs are not simply being eliminated on an enterprise basis, they are being eliminated on an industry basis. In effect, their occupations no longer exist and they too must seek employment in services. As workers crowd into services, this exerts a downward pressure on wages. At the same time, services have been able, for

the first time in history and by using the same types of technologies used in manufacturing, to make significant gains in productivity. And, as in manufacturing, these technologies are being deployed in the same manner—replacing jobs in the middle—and thus polarizing incomes in this sector even further.

The Middle Class (3)

It would thus appear that a process predicted by Marx over 150 years ago, namely, the disappearance of the middle class, is only now slowly coming to fruition. An important force in this development is that capitalism finally has within its grasp the means for mechanizing a significant portion of the mental and manual tasks in those productive activities still remaining in the core. A second important force is the development of post-industrialism in the core and the its consequences for work. Where advocates of post-industrialism maintained that the post-industrial economy would be a knowledge or information economy characterized by an increasing number of high wage, high skills jobs, it appears that post-industrial economy is really a service economy, characterized by high wage differentials and dominated by low wage, low skill jobs. Together, these two developments are resulting in a sustained attack on the middle classes which owed its existence, on the one hand, to the emergence of industrial society and, on the other, to capitalism's inability to easily convert all industrial production into what Marx called "automatic systems of machinery."

Some might argue, that the middle class is a necessary structural feature of capitalism required to maintain acceptable levels of aggregate demand and that the elimination of the middle class would result in a crisis of overproduction. But, it may well also be the case that the consuming middle class and the "virtuous circle" of mass consumption and mass production are only required under industrial capitalism because of two important limitations on industrial capitalism, namely, *mass* production and the *national* consumption of the majority of industrial production.

Both of these are however, changing. Mass production is being converted to lean production or "micro-mass" (Kenney and Florida 1993) production where production processes can achieve efficiencies and profitability comparable to mass production but based on far smaller volumes of goods. As this type of production comes to dominate, it is no longer necessary to have a mass base of consumption. Increasingly, low volume production or production directed at so-called 'niches,' is viable and profitable. At the same time, there is no longer any reason,

as the Japanese have demonstrated, that the majority of goods manufactured in a country should be consumed in that country. Goods can be sold globally and the volumes, albeit greatly reduced because of lean techniques, required to achieve profitability can be obtained by selling to an emerging global elite.

Finally, it must also be remembered that the middle class is, in actuality, a brief historical phenomena and, in the larger sweep of history, an exception. Throughout most of history and throughout most of the world today, with the exception of a few nations, the middle class has been and is a minority. Hence, what would be surprising, at least from this point of view, is to see the persistence of the middle class. In other words, preindustrial societies were and are characterized by a relatively small middle class. Industrial society produced a large middle class for various structural reasons but it may well be the case that post-industrial society will approximate the class organization of previous societies and the middle class will shrink to insignificance.

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