I

Introduction

I

More than ever before men now live in the shadow of the state. What they want to achieve, individually or in groups, now mainly depends on the state's sanction and support. But since that sanction and support are not bestowed indiscriminately, they must, ever more directly, seek to influence and shape the state's power and purpose, or try and appropriate it altogether. It is for the state's attention, or for its control, that men compete; and it is against the state that beat the waves of social conflict. It is to an ever greater degree the state which men encounter as they confront other men. This is why, as social beings, they are also political beings, whether they know it or not. It is possible not to be interested in what the state does; but it is not possible to be unaffected by it. The point has acquired a new and ultimate dimension in the present epoch: if large parts of the planet should one day be laid waste in a nuclear war, it is because men, acting in the name of their state and invested with its power, will have so decided, or miscalculated.

Yet, while the vast inflation of the state's power and activity in the advanced capitalist societies with which this book is concerned has become one of the merest commonplaces of political analysis, the remarkable paradox is that the state itself, as a subject of political study, has long been very unfashionable. A vast amount of work has, in the last few decades, been produced on government and public administration, on elites and bureaucracy, on parties and voting behaviour, political authority

and the conditions of political stability, political mobilisation and political culture, and much of this has of course dealt with or touched on the nature and role of the state. But as an institution, it has in recent times received far less attention than its importance deserves. In the early 1950s a prominent American political scientist wrote that 'neither the state nor power is a concept that serves to bring together political research'.[1] However it may be with the concept of power, this view, as regards the state, appears to have been generally accepted by 'students of politics' working in the field of Western political systems.

This, however, does not mean that Western political scientists and political sociologists have not had what used to be called a 'theory of the state'. On the contrary, it is precisely the theory of the state to which they do, for the most part, subscribe which helps to account for their comparative neglect of the state as a focus of political analysis. For that theory *takes as resolved* some of the largest questions which have traditionally been asked about the state, and makes unnecessary, indeed almost precludes, any special concern with its nature and role in Western-type societies.

A theory of the state is also a theory of society and of the distribution of power in that society. But most Western 'students of politics' tend to start, judging from their work, with the assumption that power, in Western societies, is competitive, fragmented and diffused: everybody, directly or through organised groups, has some power and nobody has or can have too much of it. In these societies, citizens enjoy universal suffrage, free and regular elections, representative institutions, effective citizen rights, including the right of free speech, association and opposition; and both individuals and groups take ample advantage of these rights, under the protection of the law, an independent judiciary and a free political culture.

As a result, the argument goes, no government, acting on behalf of the state, can fail, in the not very long run, to respond to the wishes and demands of competing interests. In the end, everybody, including those at the end of the queue, get served. In the words of a leading exponent of this democratic-pluralist view, here is a political system in which 'all the active and legitimate groups in the population can make themselves

[1] D. Easton, *The Political System*, 1953, p. 106.

heard at some crucial stage in the process of decision'.[1] Other pluralist writers, Professor Dahl has also noted,

> ... suggest that there are a number of loci for arriving at political decisions; that business men, trade unions, politicians, consumers, farmers, voters and many other aggregates all have an impact on policy outcomes; that none of these aggregates is homogeneous for all purposes; that each of them is highly influential over some scopes but weak over many others; and that the power to reject undesired alternatives is more common than the power to dominate over outcomes directly.[2]

Another writer, who is himself a critic of the pluralist thesis, summarises it as follows in relation to the United States:

> Congress is seen as the focal point for the pressures which are exerted by interest groups throughout the nation, either by way of the two great parties or directly through lobbies. The laws issuing from the government are shaped by the manifold forces brought to bear upon the legislature. Ideally, Congress merely reflects these forces, combining them – or 'resolving' them, as the physicists say – into a single social decision. As the strength and direction of private interests alters, there is a corresponding alteration in the composition and activity of the great interest groups – labour, big business, agriculture. Slowly, the great weathervane of government swings about to meet the shifting winds of opinion.[3]

This view has received its most extensive elaboration in, and in regard to, the United States. But it has also, in one form or another, come to dominate political science and political sociology, and for that matter political life itself, in all other advanced capitalist countries. Its first result is to exclude, by definition, the notion that the state might be a rather special institution, whose main purpose is to defend the predominance in society of a particular class. There are, in Western societies, no such predominant classes, interests or groups. There are only competing blocs of interests, whose competition, which is sanctioned and guaranteed by the state itself, ensures that power *is* diffused and balanced, and that no particular interest is able to weigh too heavily upon the state.

[1] R. A. Dahl, *A Preface to Democratic Theory*, 1965, pp. 137–8.

[2] R. A. Dahl, *et al.*, *Social Science Research on Business: Product and Potential*, 1959, p. 36.

[3] R. P. Woolf, *A Critique of Pure Tolerance*, 1965, p. 11.

It is of course true, many of those who uphold this view agree, that there are elites in different economic, social, political, administrative, professional and other pyramids of power. But these elites altogether lack the degree of cohesion required to turn them into dominant or ruling classes. In fact, 'elite pluralism', with the competition it entails between different elites, is itself a prime guarantee that power in society *will* be diffused and not concentrated.

In short, the state, subjected as it is to a multitude of conflicting pressures from organised groups and interests, cannot show any marked bias towards some and against others: its special role, in fact, is to accommodate and reconcile them all. In that role, the state is only the mirror which society holds up to itself. The reflection may not always be pleasing, but this is the price that has to be paid, and which is eminently worth paying, for democratic, competitive and pluralist politics in modern industrial societies.

This dominant pluralist view of Western-type societies and of the state does not, it may also be noted, preclude a critical attitude to this or that aspect of the social order and of the political system. But criticism, and proposals for reform, are mainly conceived in terms of the improvement and strengthening of a system whose basically 'democratic' and desirable character is held to be solidly established. While there may be a good deal which is wrong with them, these are *already* 'democratic' societies, to which the notion of 'ruling class' or 'power elite' is absurdly irrelevant.

The strength of this current orthodoxy has helped to turn these claims (for they are no more than claims) into solid articles of political wisdom; and the ideological and political climate engendered by the Cold War has tended to make subscription to that wisdom a test not only of political intelligence but of political morality as well. Yet, the general acceptance of a particular view of social and political systems does not make it right. One of the main purposes of the present work is in fact to show in detail that the pluralist-democratic view of society, of politics and of the state in regard to the countries of advanced capitalism, is in all essentials wrong – that this view, far from providing a guide to reality, constitutes a profound obfuscation of it.

Notwithstanding the elaboration of various elite theories of power, by far the most important alternative to the pluralist-democratic view of power remains the Marxist one. Indeed, it could well be argued that the rapid development of pluralist-democratic political sociology after 1945, particularly in the United States, was largely inspired by the need to meet the 'challenge of Marxism' in this field more plausibly than conventional political science appeared able to do.

Yet Marxist political analysis has long suffered from marked deficiencies. Democratic pluralism may be, as will be argued here, running altogether in the wrong grooves. But Marxist political analysis, notably in relation to the nature and role of the state, has long seemed stuck in its own groove, and has shown little capacity to renew itself.

Marx himself, it may be recalled, never attempted a systematic study of the state. This was one of the tasks which he hoped to undertake as part of a vast scheme of work which he had projected in the 1850s but of which volume I of *Capital* was the only fully finished part.[1] However, references to the state in different types of society constantly recur in almost all his writings; and as far as capitalist societies are concerned, his main view of the state throughout is summarised in the famous formulation of the *Communist Manifesto:* 'The executive of the modern state is but a committee for managing the common affairs of the whole bourgeoisie'. In one form or another the concept this embodies reappears again and again in the work of both Marx and Engels; and despite the refinements and qualifications they occasionally introduced in their discussion of the state – notably to account for a certain degree of independence which they believed the state could enjoy in 'exceptional circumstances'[2] – they never departed from the view that in capitalist society the state was above all the coercive instrument of a ruling class, itself defined in terms of its ownership and control of the means of production.[3]

[1] See K. Marx to F. Lassalle, 22 February 1858, and K. Marx to F. Engels, 2 April 1858, in *Selected Correspondence*, Moscow, n.d., pp. 125, 126.

[2] See below, p. 93.

[3] See, e.g. Marx twenty-two years after the *Communist Manifesto*: 'At the same pace at which the progress of modern industry developed, widened, intensified the class antagonism between capital and labour, the state power assumed more and more the character of the national power of capital over labour, of a public

For the most part, Marxists everywhere have been content to take this thesis as more or less self-evident; and to take as their text on the state Lenin's *State and Revolution*, which is now half a century old and which was in essence both a restatement and an elaboration of the main view of the state to be found in Marx and Engels and a fierce assertion of its validity in the era of imperialism.[1] Since then, the only major Marxist contribution to the theory of the state has been that of Antonio Gramsci, whose illuminating notes on the subject have only fairly recently come to gain a measure of recognition and influence beyond Italy.[2] Otherwise, Marxists have made little notable attempt to confront the question of the state in the light of the concrete socio-economic *and* political *and* cultural reality of actual capitalist societies. Where the attempt has been made, it has suffered from an over-simple explanation of the inter-relationship between civil society and the state. Even though that 'model' comes much closer to reality than democratic-pluralist theory, it requires a much more thorough elaboration than it has hitherto been given: Paul Sweezy was scarcely exaggerating

force organised for social enslavement, of an engine of class despotism' (K. Marx, 'The Civil War in France', in K. Marx and F. Engels, *Selected Works*, 1950, vol. 1, p. 496); and Engels, 'The modern state, no matter what its form, is essentially a capitalist machine, the state of the capitalists, the ideal personification of the total national capital ... an organisation of the particular class which was *pro-tempore* the exploiting class, an organisation for the purpose of preventing any interference from without with the existing conditions of production, and therefore, especially, for the purpose of forcibly keeping the exploited classes in the conditions of oppression corresponding with the given mode of production (slavery, serfdom, wage-labour)' F. Engels, *Socialism: Utopian and Scientific*, *ibid.*, vol. 2, pp. 136, 138). This was written in 1887. It is the same view which is of course elaborated in *The Origin of the Family, Property and the State* of 1881, and in many of Engels' later writings.

[1] E.g., 'Imperialism – the era of bank capital, the era of gigantic capitalist monopolies, the era of the transformation of monopoly capital into state-monopoly capitalism – has particularly witnessed an unprecedented strengthening of the "state machine" and an unprecedented growth of its bureaucratic and military apparatus, in connection with the increase in repressive measures against the proletariat in the monarchical as well as the freest republican countries' (V. I. Lenin, *State and Revolution*, 1941, p. 27). Similarly, 'the forms of the bourgeois state are extremely varied, but in essence they are all the same; in one way or another, in the last analysis, all these states are inevitably the *dictatorship of the bourgeoisie*' (*ibid.*, p. 29. Italics in text).

[2] The only important study of Gramsci in English so far is J. M. Cammett's *Antonio Gramsci and the Origins of Italian Communism*, 1967; but see also J. Merrington, 'Theory and Practice in Gramsci's Marxism' in *The Socialist Register, 1968*.

when he noted some years ago that 'this is the area in which the study of monopoly capitalism, not only by bourgeois social scientists but by Marxists as well, is most seriously deficient'.[1] The purpose of the present work is to make a contribution to remedying that deficiency.

II

The countries which will be considered here are very different from each other in a multitude of ways. They have different histories, traditions, cultures, languages and institutions. But they also have in common two crucial characteristics: the first is that they are all highly industrialised countries; and the second is that the largest part of their means of economic activity is under private ownership and control. These combined characteristics are what makes them advanced capitalist countries in the first place and what distinguishes them radically from under-industrialised countries, such as India or Brazil or Nigeria, even though there too the means of economic activity are predominantly under private ownership and control; and from countries where state ownership prevails, even though some of them, like the Soviet Union, Czechoslovakia and the German Democratic Republic, are also highly industrialised. The criterion of distinction, in other words, is the level of economic activity combined with the mode of economic organisation.

The same combined characteristics of advanced capitalist countries also serve to reduce the significance of the other differences which are to be found between them. Joseph Schumpeter once noted that

> ... social structures, types and attitudes are coins that do not readily melt: once they are formed they persist, possibly for centuries; and since different structures and types display different degrees of ability to survive, we almost always find that actual group or national behaviour more or less departs from what we should

[1] S. Tsuru (ed.), *Has Capitalism Changed?*, 1961, p. 88. Note, however, a major attempt at a theoretical elaboration of the Marxist 'model' of the state, which appeared when the present work was nearing completion, namely N. Poulantzas, *Pouvoir Politique et Classes Sociales*, 1968.

expect it to be if we tried to infer from the dominant forms of the productive process.[1]

This is quite true. Yet, when all such national differences and specificities have been duly taken into account, there remains the fact that advanced capitalism has imposed many fundamental uniformities upon the countries which have come under its sway, and greatly served to attenuate, though not to flatten out, the differences between them. As a result, there has come about a remarkable degree of similarity, not only in economic but in social and even in political terms, between these countries: in many basic ways they inhabit to an increasing degree material and mental worlds which have much in common. As one recent writer puts it:

> There are big differences between the key institutions and economic methods of one country and another. The differences are often the subject of sharp ideological cleavages. Yet when the total picture is examined, there is a certain uniformity in the texture of their societies. In terms of what they do, rather than of what they say about it, and even more markedly in terms of their behaviour over a period of years, the similarities are striking.[2]

The most important of these similarities, in economic terms, have already been noted: these are societies with a large, complex, highly integrated and technologically advanced economic base, with industrial production accounting for the largest part by far of their gross national product, and with agriculture constituting a relatively small area of economic activity;[3] and they are also societies in which the main part of economic activity is conducted on the basis of the private ownership and control of the means to such activity.

In regard to the latter point, it is of course the case that advanced capitalist countries now have an often substantial 'public sector', through which the state owns and administers a wide range of industries and services, mainly but not exclusively of an 'infra-structural' kind, which are of vast importance to

[1] Quoted in R. Bendix, *Nation-Building and Citizenship*, 1964, p. 8.

[2] A. Schonfield, *Modern Capitalism*, 1965, p. 65.

[3] Thus, the percentage of gross domestic product originating in agriculture in 1961 was 4 per cent for the United States and Britain, 6 per cent for Federal Germany and 9 per cent for France; the figure for Japan in 1960 was 15 per cent. (B. H. Russett *et al.*, *World Handbook of Political and Social Indicators*, 1964, pp. 163–4).

their economic life; and the state also plays in all capitalist economies an ever-greater economic role by way of regulation, control, coordination, 'planning', and so forth. Similarly, the state is by far the largest customer of the 'private sector'; and some major industries could not survive in the private sector without the state's custom and without the credits, subsidies and benefactions which it dispenses.

This state intervention in every aspect of economic life is nothing new in the history of capitalism. On the contrary, state intervention presided at its birth or at least guided and helped its early steps, not only in such obvious cases as Germany and Japan but in every other capitalist country as well;[1] and it has never ceased to be of crucial importance in the workings of capitalism, even in the country most dedicated to *laissez faire* and rugged individualism.[2] Nevertheless, the scale and pervasiveness of state intervention in contemporary capitalism is now immeasurably greater than ever before, and will undoubtedly continue to grow; and much the same is also true for the vast range of social services for which the state in these societies has come to assume direct or indirect responsibility.[3]

The importance of the 'public sector' and of state intervention in economic life generally is one of the reasons which have been advanced in recent years for the view that 'capitalism' had become a misnomer for the economic system prevailing in these countries. Together with the steadily growing separation between the ownership of capitalist enterprise and its management,[4] public intervention, it has been argued, has radically transformed the capitalism of the bad old days: these countries, as Mr Crosland among others once put it, have become 'post-capitalist' societies, different in kind from what they were in the past, and even as recently as the second world war.

This belief, not simply in the occurrence of major changes in the structure of contemporary capitalism, which are not in question, but in its actual transcendence, in its evolution into an altogether *different* system (and, needless to say, a much *better*

[1] See, e.g. Barrington Moore Jr, *Social Origins of Dictatorship and Democracy*, 1966.

[2] See, e.g. P. K. Crosser, *State Capitalism in the Economy of the United States*, 1960, and G. Kolko, *The Triumph of Conservatism*, 1963.

[3] For a convenient survey, see Schonfield, *Modern Capitalism*.

[4] See below, pp. 28 ff.

one), forms a major element in the pluralist view of Western societies. *This* economic system, unlike the old, is not only differently managed: it has also seen the emergence, in Professor Galbraith's phrase, of effective 'countervailing power' to the power of private capital; and it has also been transformed by state intervention and control. The need to abolish capitalism has, because of all this, conveniently disappeared; the job, for all practical purposes, has already been done. The central problem of politics no longer revolves, in Professor Lipset's words, 'around the changes needed to modify or destroy capitalism and its institutions'; the 'central issue' is rather 'the social and political conditions of bureaucratised society';[1] or as Professor Lipset also writes, 'the fundamental political problems of the industrial revolution have been solved: the workers have achieved industrial and political citizenship; the conservatives have accepted the welfare state; and the democratic left has recognised that an increase in overall state power carried with it more dangers to freedom than solutions for economic problems'.[2] In other words, 'Down with Marx and up with Weber'. And the same belief in the radical transformation of capitalist society has also served to buttress the currently fashionable argument that the really fundamental division in the world is that between 'industrialised' and 'under-industrialised' societies.[3]

It will be argued in later chapters that this belief in the passage of capitalism and of its deficiencies into the historical limbo is exceedingly premature. But the point which needs to be made at the outset, as an essential preliminary corrective, is that notwithstanding the existence of a 'public sector' these are societies in which by far the largest part of economic activity is still dominated by private ownership and enterprise: in *none* of

[1] S. M. Lipset, 'Political Sociology', in R. K. Merton (ed.), *Sociology Today*, 1959, p. 9.

[2] S. M. Lipset, *Political Man*, 1963, p. 406. See also Professor Talcott Parsons: 'Through industrial development under democratic auspices, the most important legitimately-to-be expected aspirations of the "working class" have in fact been realised' (T. Parsons, 'Communism and the West. The Sociology of the Conflict', in A. and E. Etzioni (eds.), *Social Change*, 1964, p. 397).

[3] See for instance Raymond Aron's rejection of 'l'opposition socialisme et capitalisme' and his view of 'socialisme et capitalisme, comme deux modalités d'un même genre, la société industrielle' (R. Aron, *Dix-Huit Leçons sur la Société Industrielle*, 1962, p. 50).

them does the state own more than a subsidiary part of the means of production.[1] In this sense at least, to speak – as is commonly done – of 'mixed economies' is to attribute a special and quite misleading meaning to the notion of mixture.[2] Nor, as will be shown later, has state intervention, regulation and control in economic life, however important it may be, affected the operation of capitalist enterprise in the manner suggested by 'post-capitalist' theorists. Whatever ingenious euphemism may be invented for them, these are still, in all essentials and despite the transformations which they have undergone, authentically capitalist societies.

In all advanced capitalist countries there is to be found a vast scatter of individually or corporately owned small and medium-sized enterprises, running into millions of economic units,[3] constituting a distinct and important part of their economic landscape, and profoundly affecting their social and political landscape as well. No doubt, economic trends are against small and medium-sized business, and many such enterprises are in one way or another dependent upon and subsidiary to large-scale concerns. But their importance in the life of these societies

[1] See, e.g. J. F. Dewhurst *et al.*, *Europe's Needs and Resources. Trends And Prospects in Eighteen Countries*, 1961, pp. 436–42, esp. tables 13–17; also P. Lowell, 'Lessons from Abroad', in M. Shanks (ed.), *Lessons of Public Enterprise*, 1963.

[2] While 'the mixed economy' carries the strongly apologetic implication that capitalism is *really* a thing of the past, 'state monopoly capitalism', which is used in Communist literature to describe advanced capitalism, is intended, on the contrary, to stress the alliance of powerful capitalist forces with the state. The formula, however, is ambiguous, in that it tends to obscure the degree to which 'monopoly capitalism' remains, and is helped by the state to remain, a private affair.

[3] In the United States, Professor G. Kaysen notes, 'there are currently some 4·5 million business enterprises .. more than half of these are small unincorporated firms in retail trade and service. Corporations formed only 13 per cent of the total number; 95 per cent of the unincorporated firms had fewer than twenty employees' (G. Kaysen, 'The Corporation: How Much Power? What Scope', in E. S. Mason (ed.) *The Corporation in Modern Society*, 1960, p. 86). In France, firms employing one to ten workers accounted for 98·3 per cent of all enterprises in 1896, and the percentage in 1958 was still 95·4 per cent. On the other hand, while small firms employed 62·7 per cent of all wage-earners in 1896, this total had dropped to 20 per cent in 1958 (E. Mandel, *Traité d'Economie Marxiste*, 1963, vol. 2, p. 11). According to the Japanese Population Census of 1960, small manufacturers in Japan numbered 2,750,000, of whom only 360,000 were employers. 1,210,000 employed no one at all, and 860,000 employed only members of their own family. There were also 3,440,000 small tradesmen (H. Tamuna, 'Changes in Factors Conditioning the Urban Middle Class', in *Journal of Social and Political Ideas in Japan*, 1963, no. 2, p. 82).

remains considerable and ought not, whether from an economic, social or political point of view, be obscured by the ever greater importance of the giant corporation. The political history of these countries would undoubtedly have been radically different had the concentration of economic power been as rapid and as relentless as Marx thought it must become. In fact, as Professor E. S. Mason has noted for the United States, 'the largest corporations have grown mightily, but so has the economy'.[1]

Nevertheless, advanced capitalism *is* all but synonymous with giant enterprise; and nothing about the economic organisation of these countries is more basically important than the increasing domination of key sectors of their industrial, financial and commercial life by a relatively small number of giant firms, often interlinked. 'A few large corporations,' Professor Carl Kaysen remarks, again in regard to the United States, 'are of overwhelmingly disproportionate importance in our economy, and especially in certain key sectors of it. Whatever aspect of their economic activity we measure – employment, investment, research and development, military supply – we see the same situation.'[2] In the same vein, Professor Galbraith also writes that

> ... nothing so characterises the industrial system as the scale of the modern corporate enterprise. In 1962 the five largest industrial corporations in the United States, with combined assets in excess of $36 billion, possessed over 12 per cent of all assets used in manufacturing. The fifty largest corporations had over a third of all manufacturing assets. The five hundred largest had well over two-thirds. Corporations with assets in excess of $10,000,000, some two hundred in all, accounted for about 80 per cent of all resources used in manufacturing in the United States. In the mid 1950s, twenty-eight corporations provided approximately 10 per cent of all employment in manufacturing, mining and retail and wholesale trade. Twenty-three corporations provided 15 per cent of all employment in manufacturing. In the first half of the decade (June 1950–June 1956) a hundred firms received two-thirds by value of all defence contracts; ten firms received one-third. In 1960 four corporations accounted for an estimated 22 per cent of all industrial research and development expenditure. Three hundred and eighty-four corpora-

[1] Mason, *The Corporation in Modern Society*, p. 10.
[2] Kaysen, *ibid.*, p. 86.

tions employing five thousand or more workers accounted for 55 per cent of these expenditure; 260,000 firms employing fewer than a thousand accounted for only 7 per cent.[1]

Much the same kind of story is told for other advanced capitalist countries. Thus, Mr Kidron notes that

> ... in Britain, one hundred and eighty firms employing one-third of the labour force in manufacturing accounted for one-half of net capital expenditure in 1963; seventy-four of these, with ten thousand or more workers each, for two-fifths. Two hundred firms produce half manufacturing exports; a dozen as much as a fifth. So it is in Germany where the hundred biggest firms were responsible for nearly two-fifths of industrial turnover, employed one-third of the labour force and shipped one-half of manufacturing exports in 1960; and where the top fifty had increased their share of sales to 29 per cent from 18 per cent in 1954. And so it is almost everywhere, the only major exception being France, the traditional home of small units; but even there mergers are changing the scene fast.[2]

There is every reason to think that this domination of capitalist economies by giant enterprise will become even more marked in the coming years, not least because state intervention itself tends, directly or indirectly, to accelerate the process,[3] notwithstanding the often-expressed intention to protect small business and to oppose monopoly.

The enormous *political* significance of this concentration of private economic power in advanced capitalist societies, including its impact upon the state, is one of the main concerns of this study. But it must also be noted that the giant corporation is not simply a national phenomenon, affecting only the economic and political life of separate countries. As long ago as 1848, Marx and Engels noted in the *Communist Manifesto* the relentlessly international drives of capitalism and its compulsive disregard of national boundaries. But this has now assumed

[1] J. K. Galbraith, *The New Industrial State*, 1967, pp. 74–5.

[2] M. Kidron, *Western Capitalism since the War*, 1968, p. 14. In relation to France, one writer observes that 'mises à part les sociétés dépendantes de l'Etat, une cinquantaine de groupes seulement jouent dans l'économie un rôle moteur' (M. Drancourt, *Les Clés du Pouvoir*, 1964, p. 14). For a general survey of monopolistic concentration, see Mandel, *Traité d'Economie Marxiste*, vol. 1, chapter 12.

[3] See, e.g. the setting up of the Industrial Reorganisation Corporation by the Labour government in Britain, with the specific purpose of encouraging mergers.

altogether new dimensions. For it is another major feature of contemporary capitalism that a growing number of the largest firms in the capitalist world are assuming an ever more pronounced trans-national character, in terms of ownership and management. Much of this is the result of the acquisition by American corporations of a rapidly expanding stake in the economic life of other advanced capitalist countries, often to the point of actual control of the latter's major enterprises and industries.[1] This has aroused a certain degree of national resistance here and there, but not so as to provide a decisive check to the process.[2]

At the same time, a similar process of capitalist internationalisation has recently gathered force in Western Europe, sometimes in opposition to American penetration, more often in conjunction with it. New and formidable capitalist complexes are thus coming into being in Western Europe, whose trans-national character has very large implications not only in economic terms but in political terms as well.[3] The European Economic Community is one institutional expression of this phenomenon and represents an attempt to overcome, within the context of capitalism, one of its major 'contradictions', namely the constantly more marked obsolescence of the nation-state as the basic unit of international life.

But advanced capitalism is also international in another, more traditional sense, namely in that large-scale capitalist enterprise is deeply implanted in the under-industrialised areas of the world. The achievement of formal political independence by these vast zones of exploitation, together with revolutionary stirrings in many of them, have made the preservation and the extension of these capitalist interests more expensive and more precarious than in the past. But for the present, this Western stake in Latin America, the Middle East,

[1] For a recent survey of this massive American implantation in Western Europe, see J.J. Servan-Schreiber, *Le Défi Américain*, 1967, part I. For Britain, see also J. Dunning, *American Investment in the British Manufacturing Industry*, 1958, and J. McMillan and B. Harris, *The American Take-Over of Britain*, 1968.

[2] As a token of the force of this process, and of the irresistible attractions it has for local capitalist interests, note for instance its advance in Gaullist France, notwithstanding the so-called 'anti-Americanism' of the General.

[3] On which see, e.g. E. Mandel, 'International Capitalism and "Supra-Nationality"', in *The Socialist Register, 1967*.

Africa and Asia remains very large indeed,[1] weighs very deeply upon the foreign policies of capitalist states, and is in fact one of the dominant elements, if not *the* dominant element, of present-day international relations.

III

The common economic characteristics of advanced capitalism provide the countries concerned with a broadly similar 'economic base'. But this 'economic base' also helps to bring about, and is indeed mainly responsible for bringing about, very notable similarities in their social structure and class distribution.

Thus, there is to be found in all these countries a relatively small number of people who own a markedly disproportionate share of personal wealth, and whose income is largely derived from that ownership.[2] Many of these wealthy people also control the uses to which their assets are put. But to an increasing extent, this control is vested in people who though they may themselves be wealthy (and in fact generally are) do not themselves own more than a small part or even sometimes any of the assets which they control and manage. Taken together, here is the class which Marxists have traditionally designated as the 'ruling class' of capitalist countries. Whether owners and controllers *can* thus be assimilated will be discussed in the next chapter; and whether it is in any case appropriate to speak of a 'ruling class' at all in relation to these countries is one of the main themes of this study. But it is at least possible at this stage to note the existence of economic elites which, by virtue of ownership or control or both, do command many of the most important sectors of economic life.

Again, these are countries in which the other end of the social scale is occupied by a working class mostly composed of

[1] See, e.g. P.A. Baran, *The Political Economy of Growth*, 1957; H. Magdoff, 'Economic Aspects of US Imperialism', in *Monthly Review*, 1966, vol. 18, no. 6; and 'The Age of Imperialism' in *Monthly Review*, 1968, vol. 20, nos. 5 and 6; M. Barratt Brown, *After Imperialism*, 1963; and P. Jalée, *The Pillage of the Third World*, 1968, and *Le Tiers Monde dans l'Economie Mondiale*, 1968.

[2] See chapter 2.

industrial workers, with agricultural wage-earners forming a steadily decreasing part of the labour force.[1] In other words, the principal form assumed by the 'relations of production' in these countries is that between capitalist employers and industrial wage-earners. This is one of the main elements of differentiation between advanced capitalist societies and collectivist societies on the one hand, and the pre-industrial societies of the 'Third World' on the other.

Like other classes, the working class of advanced capitalist societies has always been, and remains, highly diversified; and there are also important differences in the internal composition of the working class of one country as compared to another. Yet, and notwithstanding these differences, inside countries and between them, the working class remains everywhere a distinct and specific social formation by virtue of a combination of characteristics which affect its members in comparison with the members of other classes.[2] The most obvious of these characteristics is that here are the people who, generally, 'get least of what there is to get', and who have to work hardest for it. And it is also from their ranks that are, so to speak, recruited the unemployed, the aged poor, the chronically destitute and the sub-proletariat of capitalist society. For all the insistence of growing or achieved 'classlessness' ('we are all working class now') the proletarian condition remains a hard and basic fact in these societies, in the work process, in levels of income, in opportunities or lack of them, in the whole social definition of existence.

The economic and political life of capitalist societies is *primarily* determined by the relationship, born of the capitalist mode of production, between these two classes – the class which on the one hand owns and controls, and the working class on the other. Here are still the social forces whose confrontation most powerfully shapes the social climate and the political system of advanced capitalism. In fact, the political process in these societies is mainly *about* the confrontation of these forces, and is intended to sanction the terms of the relationship between them.

At the same time, it would clearly be misleading to assign a

[1] For some relevant figures, see Russett *et al.*, *World Handbook*, pp. 177–8.
[2] See chapter 2.

merely figurative role to other classes and social formations in capitalist society. They are in fact of considerable importance, not least because they significantly affect the relations between the two 'polar' classes. These are societies of extremely high social density, as might be expected from their economic structure. This high social density naturally finds expression in political terms as well, and greatly helps to prevent the political polarisation of capitalist societies.

The main point to be noted here, however, is that these societies do present a roughly similar social structure, not only in terms of their 'polar' classes but in regard to other classes as well.

Thus, one may distinguish in all capitalist societies a large and growing class of professional people – lawyers, accountants, middle-rank executives, architects, technicians, scientists, administrators, doctors, teachers, etc. – who form one of the two main elements of a 'middle class', whose role in the life of these societies is of great importance, not only in economic terms but in social and political ones too.

The other element of this 'middle class' is associated with small and medium-sized enterprise, to whose numerical importance reference has already been made. Here too there is much disparity, since within this class are to be found businessmen employing a few workers and also owners or part-owners of fairly sizeable enterprises of every kind; and to this class may also be assimilated small or medium labour-employing farmers.[1]

But despite such disparities, this business class may also be taken as a distinct element of the socio-economic structure of advanced capitalism: it cannot be assimilated economically and socially with the owners and controllers of large-scale enterprise, or with self-employed shopkeepers, craftsmen and artisans.

The latter have, as a class, been numerically worst affected by the development of capitalism. In all advanced capitalist countries the proportion of self-employed has shown a marked, in some cases a dramatic decrease, as for instance in the United States where it declined from 40·4 per cent in 1870 to 13·3 per cent in 1954.[2]

[1] Large landowners, on the other hand, are more appropriately grouped with the owners and controllers of large-scale enterprise.

[2] K. Mayer, 'Changes in the Social Structure of the United States', in *Transactions of the Third World Congress of Sociology*, 1965, vol. 3, p. 70. For other leading capitalist countries, see Mandel, *Traité d'Economie Marxiste*, vol. 1, pp. 197–8.

Even so, this class of self-employed tradesmen, craftsmen and artisans is still a long way from extinction. One of the constant features in the history of capitalism is, in fact, the tenacious resistance of the 'small man' (and this is also true of the small businessman) to absorption into the ranks of the other-employed, notwithstanding the fact that the rewards are generally small and the toil and nagging anxiety often unremitting. Here too the direction of the trend should not obscure the continuing existence of this class, one important consequence of which is that it continues to afford, at least to some members of the working classes, a route of escape from the proletarian condition.

The steady decline of the independent self-employed artisan and shopkeeper has been paralleled by the extraordinary growth of a class of office workers, with which may be grouped the sales force of advanced capitalism. This is the class which has absorbed a constantly larger proportion of the labour force, and the inflation of its numbers in the last hundred years is in fact the greatest occupational change which has occurred in capitalist economies.[1]

Werner Sombart's description of this element of the labour force as a class of 'quasi-proletarians' is as apt now for the larger part of it as it was half a century ago. Together with the working class it constitutes the main element of what may properly be called the subordinate classes of advanced capitalist societies. At the same time, its career prospects, conditions of work, status and style of life are on the whole higher than those of the industrial working class;[2] and its own view of itself as definitely *not* of the working class – often its dislike and recoil from it – has had important consequences for the political life of these societies in that it has helped further to prevent the political coalescence of the subordinate classes into anything like a political bloc.

[1] In some countries it constitutes at least a quarter and in the United States a third of the employed population. See e.g. M. Crozier, 'Classes sans Conscience ou Préfiguration de la Société sans Classes', in *Archives Européennes de Sociologie*, 1960, vol. 1, no 2, p. 236; also R. Dahrendorf, 'Recent Changes in the Class Structure of European Societies', in *Dædalus*, Winter 1964, p. 245.

[2] See, S. M. Lipset and R. Bendix, *Social Mobility in Industrial Society*, 1959, pp. 14ff; also R. Sainsaulieu, 'Les Employés à la Recherche de leur Identité', in 'Darras', *Le Partage des Bénéfices. Expansion et Inégalités en France*, 1966.

Finally, these societies all include a large number of 'cultural workmen' – writers, journalists, critics, preachers, poets, intellectuals of one sort or other, who may either be included, in the case of the established and more or less affluent, in the professional middle class, or, for the rest, among independent craftsmen or white collar workers. But this assimilation may be unduly arbitrary and may also tend to obscure the particular role such people play in the life of these societies.[1]

This brief enumeration does not account for every economic, social and occupational group in advanced capitalist society. It does not include, for instance, a sizeable criminal element, of a more or less professional kind, whose role in certain fields of economic activity, notably in the United States, is not negligible. Nor does it include a student population of by now vast and still growing importance numerically and in political terms as well. No more than cultural workmen are these elements readily 'placed' in the social structure.

But the largest omission is that of the people who are professionally concerned with the actual running of the state, either as politicians, or as civil servants, judges and military men. This omission, which is deliberate and which will be made good in later chapters, is not due to the fact that such people are 'classless'. It is rather that their place in the social and political system is of crucial importance in the analysis of the relation of the state to society, and cannot be briefly summarised at this stage.

It may also be noted that the above enumeration reveals nothing about the degree of consciousness which their members have concerning their class position, the particular ideological and political attitudes which that consciousness (or lack of it) may engender, or – consequently – about the actual relations between classes. These are obviously important questions, particularly for the bearing they have on the political process itself. But any answer to these questions must proceed from an initial identification of who the actors in that process actually are. And the need, it should be added, is not less real because many of the actors may not, as it were, know their lines, or because they insist on acting the 'wrong' part. As C. Wright Mills put it.

[1] See chapters 7 and 8.

... the fact that men are not 'class conscious', at all times and in all places does not mean that 'there are no classes' or that 'in America everybody is middle class'. The economic and social facts are one thing. Psychological feelings may or may not be associated with them in rationally expected ways. Both are important, and if psychological feelings and political outlooks do not correspond to economic or occupational class, we must try to find out why, rather than throw out the economic baby with the psychological bath, and so fail to understand how either fits into the national tub.[1]

The remark obviously holds also for capitalist countries other than the United States.

But the point is not only that these countries do have identifiable social classes, whatever the latter's degree of consciousness of themselves; it is also that the social divisions enumerated earlier are *common* to all advanced capitalist countries. No doubt there are variations, of greater or lesser magnitude; but nowhere are these of a kind to make for *radically* different social structures.

This becomes particularly obvious if comparison is made between these countries, on the one hand, and under-industrialised or collectivist countries on the other. Thus, many of the classes which are found in the countries of advanced capitalism are also found in countries of the Third World, for instance large property owners, or small businessmen and small traders, or professional men, or white collar employees, or industrial workers. But they are found there in altogether different proportions, most obviously, as already noted, as between industrial and agricultural workers; or between large-scale entrepreneurs (where, apart from foreign enterprises, they exist at all) and large landowners. A class which is of major importance in advanced capitalism is thus marginal or all but absent in the conditions of under-industrialisation; while classes which are of subsidiary importance in the former – for instance landowners and peasants – are often the major elements of the social equation in the latter.

The same point, for different reasons, is also true for the societies of the collectivist world. The official view that these are societies made up of 'workers, peasants and intellectuals' can hardly be taken as an exhaustive description of their social structure. But whatever classification is attempted for them

[1] C. W. Mills, *Power, Politics and People*, ed. by I. L. Horowitz, 1962, p. 317.

must take into account the absence of a class of capitalist owners and employers and the presence, at the apex of the social pyramid, of groups whose pre-eminence derives from a particular political system which also fundamentally affects every other part of the social system. As compared with the countries of advanced capitalism, whatever their own differences from each other, these are essentially different worlds.

While advanced capitalism may thus be said to provide a broadly similar socio-economic environment for the political life of the countries where it prevails, that political life itself has often been exceedingly dissimilar.

This is not only the case in terms of the manifest differences between them in regard to such matters as the relative strength of the executive *vis-à-vis* the legislature, or the existence in some of a two-party system and in others of a multi-party one, or of federal as distinct from unitary arrangements, or of strong versus weak judiciaries. Much more dramatically, advanced capitalism has in the twentieth century provided the context for Nazi rule in Germany and for Stanley Baldwin in Britain, for Franklin Roosevelt in the United States and for the particular brand of authoritarianism which prevailed in Japan in the 1930s. Capitalism, experience has shown again and again, can produce, or if this is too question-begging a phrase can accommodate itself to, many different types of political regime, including ferociously authoritarian ones. The notion that capitalism is incompatible with or that it provides a guarantee against authoritarianism may be good propaganda but it is poor political sociology.

However, while the broadly similar socio-economic structures of advanced capitalism cannot *necessarily* be associated with a particular type of political regime and particular political institutions, they have nevertheless *tended* to do so: and since the second world war at least, *all* advanced capitalist countries have had regimes distinguished by political competition on a more-than-one party basis, the right of opposition, regular elections, representative assemblies, civic guarantees and other restrictions on the use of state power, etc. It is this type of regime which Marx and Engels described, and which Marxists have continued to describe, as 'bourgeois democratic', and

which is more familiarly described as simply 'democratic'. The first description is intended to suggest that these are regimes in which an economically dominant class rules *through* democratic institutions, rather than by way of dictatorship; the second is based, *inter alia*, on the claim that they are regimes in which, precisely because of their democratic institutions, no class or group is able to assure its permanent political predominance. The following chapters are intended to elucidate the strength of these respective contentions. At this stage, however, the point to note is that, whether they are thought to be 'bourgeois democratic' or simply 'democratic', these societies do have crucial similarities not only in economic but in political terms as well. It is on this basis that they lend themselves, despite their many specific features, to what may be described as a general political sociology of advanced capitalism.