

**Robert Kurz**

# **The Latest Stage of The Middle Class**

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## **From the Classic Petty Bourgeoisie to Universal Human Capital**

Since the mid-1980s, postmodern discourse has dominated global theoretical discussion for almost two decades, especially on the left. The critique of political economy was replaced by the critique of language, and the analysis of objective material relationships by the arbitrariness of subjective interpretation; Traditional left economism was replaced by an equally abbreviated left culturalism, and social conflict was replaced by media simulation. In the meantime, however, the situation has changed radically. The economic crisis is now also affecting large social classes in the West that had previously been spared. That is why the social question returns to the intellectual discourse.

But the interpretations remain strangely pale and seem downright anachronistic. The polarization between rich and poor, which is inexorably increasing, has not yet found a new term. If the traditional Marxist concept of "class" suddenly has a boom, it is more a sign of helplessness. In the traditional understanding, the "working class," which produces surplus value, was exploited by the "capitalist class" through "private ownership of the means of production." Not a single one of these terms can accurately represent today's problems.

The new poverty does not arise through exploitation in production, but through exclusion from production. Anyone who is still employed in regular capitalist production is one of the relatively privileged. The problematic and "dangerous" mass of society is no longer defined by its "position in the production process", but by its position in secondary, derived areas of circulation and distribution. They are permanently unemployed, recipients of welfare payments or cheap service providers in the areas of outsourcing, right up to wretched entrepreneurs, street vendors and waste collectors. These forms of reproduction are increasingly irregular, unsecured and often illegal by legal standards; employment is irregular; incomes are at the limit of the subsistence level or even fall below it.

Conversely, a "capitalist class" can no longer be defined in the old sense according to the standards of the classic "private ownership of the means of production." In the form of the state apparatus and infrastructures as well as in the form of the large (today transnational) stock corporations, capital appears in a certain way as socialized and anonymized; it has turned out to be an abstract form of society as a whole that can no longer be personalized. "Capital" is not a group of legal owners, but the common principle by which the life and actions of all members of society are determined not only externally, but also in their own subjectivity.

In the crisis and through the crisis, a structural change in capitalist society takes place once again, which dissolves the old, apparently clear social situations. The core of the crisis consists precisely in the fact that the new productive forces of microelectronics are melting down labor and with it

the substance of capital itself. With the increasing reduction of the industrial working class, less and less real surplus value is being created. Money capital is fleeing into the speculative financial markets because investments in new factories have become unprofitable. While growing sections of society outside of production become impoverished or even go into poverty, there is only a simulative accumulation of capital through financial bubbles.

Logically, this is nothing new, because this development has shaped global capitalism for two decades. What is new, however, is that the middle class in western countries is now also being hit by the wheels. The American essayist Barbara Ehrenreich had already published a book in 1989 on "The Fear of the Middle Class before the Fall". The problem then shifted for a full decade because the speculative financial bubble boom of the 1990s, along with the upswing in information technology and the commercialization of the Internet, once again sparked new blossoming dreams. The collapse of the New Economy and the bursting of the financial bubbles in Asia and Europe, partly also in the USA, have now, since 2000, brutally started to bring about the previously feared collapse of the middle class.

But who is this middle class and what role does it play in society? In the 19th century the world of social classes was still simple and transparent. The class of the so-called petty bourgeoisie stood between the class of capitalists, that is, the private owners of the social means of production, and the class of wage workers, who have nothing but their labor power. This old middle class was characterized by having its own small means of production (workshops, shops, etc.), in which they mainly had to use their own labor and that of their families in order to sell their products on the market themselves. The expectation of the orthodox Marxists was that these "petty bourgeoisie" would gradually disappear through the competition of the big capitalist enterprises and sink into the class of industrial wage workers, until society was completely polarized into the two main classes, bourgeoisie and proletariat.

But already at the beginning of the 20th century there was the famous debate between Bernstein and Kautsky about the "new middle class" in German social democracy. This meant certain technical, economic and intellectual functions as they emerged from the process of capitalist socialization. With the increasing scientification of production and the corresponding expansion of infrastructures (administration, engineering, education and training, health care, communication and media public, institutions of research, etc.) a new social category arose, which according to the old scheme was "neither fish nor meat." They were not capitalists because they did not represent great money capital; just as little were they classic petty bourgeoisie, because they did not have their own means of production and were largely wage-dependent or only formally independent; but they were not proletarians, because they were not employed as "direct producers," but as functionaries of the capitalist development of the productive forces in all areas of life.

As early as the 19th century there were teachers and other state officials as well as those business functionaries whom Marx described as "officers and sergeants of capital." But these social categories were numerically so negligible that they could not be called a "class" in their own right. Only with the new demands of capitalism in the 20th century did the corresponding functions become so massive that they constituted a new middle class. While in the Marxist debate at the beginning of this development Kautsky tried to press the new middle classes into the old scheme

and somehow to classify them into the proletariat, Bernstein wanted to see in this social phenomenon a stabilization of capitalism that would make a moderate reform policy possible.

At first, Bernstein seemed to be right for a long time. The new middle class increasingly emerged as a social category distinct from the traditional working class; not only in terms of the content and location of the activity, but also in economic terms. Barbara Ehrenreich mentions as a criterion that for these people their "social status is based more on education than on ownership of capital or other assets". The higher qualifications, the training of which takes a long time up to the age of 30 or beyond and devours large resources, increased the value of the labor far beyond the other average fluctuations.

In this context, a momentous term emerged, namely that of "human capital." White-collar workers, engineers, marketing specialists or human resource planners, self-employed doctors, therapists or lawyers, and teachers, scientists and social workers paid by the state 'are' capital in two ways under certain circumstances: On the one hand, because of their own qualifications, they behave strategically, in a guiding or organizing manner in relation to the labor of other people in the sense of capital utilization; on the other hand, they partly relate (especially as self-employed or managerial employees) to their own qualifications and thus to themselves as 'human capital,' like a capitalist, in the sense of 'self-exploitation.' The new middle class does not represent capital on the level of the external material means of production or money, but on the level of the organizational qualification for the process of exploitation with a high level of use of science and technology.

Numerous new functions of this type emerged in the course of the 20th century, and the new middle class continued to increase in number. Especially the development after the Second World War, together with the new forms of Fordist production and the leisure industries, brought an additional push in this direction; This can be seen from the fact that in most countries the proportion of students rose from generation to generation. The worldwide student movement of 1968 showed the growing importance of this social sector; but it was also a first signal of the crisis. If up to then the emergence of the new middle class had actually stabilized capitalism in Bernstein's sense and was connected with advancing reforms, a process of destabilization now began.

It is true that the new structural mass unemployment in the wake of the third industrial revolution and the globalization of capital primarily affected the immediate industrial producers. But it was already becoming apparent that the new middle class would not be spared either. The rise of this class had in many respects been accompanied by the expansion of state infrastructures, education, and the bureaucracy of the welfare state. The crisis of real industrial exploitation, however, led ever deeper into the state's financial crisis. Suddenly, many areas that had previously been considered proud achievements appeared as unnecessary luxuries and ballast.

The catchphrase of the "lean state" made the rounds; funds for education and culture, health care and numerous other public institutions have been cut; the dismantling of the welfare state began. In large companies too, entire sectors of skilled activity fell victim to rationalization. The crash of the New Economy even devalued the qualifications of many high-tech specialists. Today it can no longer be overlooked that the rise of the new middle class had no independent capitalist basis, but was dependent on the social redistribution of surplus value from the industrial sectors. To the same

extent as the real social production of surplus value gets into a structural crisis as a result of the 3rd Industrial Revolution, the secondary areas of the new middle class are gradually being deprived of their breeding ground.

The result is not just growing unemployment among academics. Through privatization and outsourcing, the "human capital" of qualifications is devalued and degraded in status even within employment. Intellectual day laborers, cheap workers and wretched entrepreneurs as "freelancers" in the media, private universities, law firms or private clinics are no longer the exception, but the rule. Nevertheless, in the end, Kautsky is not right either. The new middle class is falling, but not into the classic industrial proletariat of the immediate producers, who have become a slowly disappearing minority. Paradoxically, the "proletarianization" of the qualified classes is connected with a "deproletarianization" of production.

The devaluation of qualifications goes hand in hand with an objective expansion of the concept of "human capital". Contrary to the decline of the new middle class, a new kind of general "downsizing" of society takes place, the more the industrial and infrastructural resources appear as anonymous mega-structures. The "independent means of production" shrinks down to the skin of the individual: everyone becomes their own "human capital," even if this is only the naked body. A direct relationship arises between the atomized people and the economy of value, which can only be reproduced in a simulative manner through deficits and financial bubbles.

The greater the income differences between rich and poor in the context of this financial bubble economy, the more the structural differences between the classes in the structure of capitalist reproduction disappear. It is therefore pointless for some ideologues of the formerly falling new middle class to want to claim for themselves the earlier "class struggle of the proletariat," which no longer exists. Social emancipation today requires overcoming the social form common to all. Within the commodity-producing system there is only the quantitative difference of abstract wealth, which is existential up to the question of survival, but remains emancipatorily sterile. A Bill Gates is as petty-bourgeois as a wretched entrepreneur, both have the same attitude towards the world and use the same phrases. With these phrases of the universal market and of "self-realization" on their lips, they cross the gate to barbarism together.

Post Comment: This text has sparked debate among Brazilian intellectuals. Dieter Heidemann (São Paulo) writes about a letter to the editor in the Folha de São Paulo that uses the expression "Boias-frilas": "The expression 'Boias-frilas' makes a joke to equate temporary sugar cane cutters and the perspectives of academics. The sugar cane migrants are called 'boias frias.' Boia is the 'lunchbox' and fria is cold. The expression refers to the cold lunch they take to the sugarcane field when they are carted to work at 4 a.m. by 'sub-contractors' (called 'gatos' = cats!). 'Boia fria' became a general metaphor in Brazil for the most precarious working conditions. The letter to the editor calls the jobbing academics 'boias frias' = boias freelancers..."