

The working class and the middle classes: Allies in a common anti-neoliberal strategy?¹

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1. Austerity as a class strategy

After the outbreak of the 2008 global economic crisis, extreme neoliberal austerity policies prevailed in many parts of the developed capitalist world, especially in the European Union (EU) and the Euro-area (EA).

Austerity has been criticized as an irrational policy, which further deteriorates the economic crisis by creating a vicious cycle of falling effective demand, recession and over-indebtedness. However, these criticisms can hardly explain why this “irrational” or “wrong” policy persists, despite its “failures”.⁴

In reality, economic crises express themselves not only in a lack of effective demand, but above all in a reduction of profitability of the capitalist class. Austerity constitutes a strategy for raising again capital’s profit rate.

Austerity constitutes the cornerstone of neoliberal policies. On the surface, it works as a strategy of reducing entrepreneurial cost. Austerity reduces labour costs of the private sector, increases profit per (labour) unit cost and thereon boosts the profit rate. It is complemented by economy in the use of “material capital” (alas, another demand curtailing strategy!) and by institutional changes that on the one hand enhance capital mobility and competition and on the other strengthen the power of managers in the enterprise and share- and bondholders in society. As regards fiscal consolidation, austerity gives priority to budget cuts over public revenue, reducing taxes on capital and high incomes, and downsizing the welfare state.

1 Paper presented at the Seminar: 'Class, Class Theory, Class Struggle', organized by the Centre for Labour Studies (CRS), Zagreb, 16-17 October 2015.

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4 For a critique of this approaches see D. P. Sotiropoulos, J. Milios, S. Lapatsioras, “Addressing the Rationality of ‘Irrational’ European Responses to the Crisis. A Political Economy of the Euro Area and the Need for a Progressive Alternative”, in A. Bitzenis, N. Karagiannis, J. Marangos (eds.) *Europe in Crisis*, Palgrave/McMillan 2015: 67-76.

However, what is cost for the capitalist class is the living standard of their wage earners. This applies also to the welfare state, whose services can be perceived as a form of “social wage”.

It is clear therefore that austerity is primarily a class policy: It constantly promotes the interests of capital against those of the workers and other social groups. On the long run it aims at creating a model of labour with fewer rights and less social protection, with low and flexible wages and the absence of any substantial bargaining power for wage earners.

Austerity does lead, of course, to recession; however, recession puts pressure to every individual entrepreneur to reduce all forms of costs, to more intensively follow the path of “absolute surplus-value”, i.e. to try to consolidate her/his profit margins through wage cuts, intensification of the labour process, infringement of labour regulations and workers’ rights, massive redundancies, etc. From the perspective of big capitals’ interests, recession gives thus birth to a “process of creative destruction”: Redistribution of income and power to the benefit of capital, concentration of wealth in fewer hands (as small and medium enterprises, especially in retail trade, are being “cleared up” by big enterprises and shopping malls).

It is absolutely comprehensible, therefore, that neoliberal austerity policies were not left undisputed. A series of mass demonstrations and strikes ensued in many countries, demanding the preservation or restoration of welfare policies and public goods, the protection of wages, measures favouring employment etc. However, in nearly all elections across Europe since the outbreak of the global economic crisis, the political forces which supported and implemented austerity policies, i.e. the conservative and social-democratic parties, achieved clear victories.⁵

How can we understand the prevalence and stability of neoliberal austerity policies in advanced capitalist countries and especially in Europe? This paper attempts

⁵ See, e.g., the results of the 2014 elections for the European Parliament: <http://www.europarl.europa.eu/elections2014-results/en/election-results-2014.html>. The only exception was the victory in January 2015 of the Coalition of the Radical Left (SYRIZA) in Greece. However, after six months in office, the SYRIZA government agreed on a third financing Program by the European Stability Mechanism (ESM) and the IMF, connected to a new austerity Program. The secession of 25 SYRIZA MPs led to new national elections on September 20, 2015. SYRIZA won again, although this time it advocated a social-democratic type of policy of “austerity with social protection for the poor” and “economic development as a pre-requisite of wage and popular income recovery”.

to answer the question on the basis of a Marxist analysis of capitalist relations of class power and the class configuration in contemporary advanced capitalist societies.

2. A Marxist Definition of Classes

According to the Marx and the theoretical system that he inaugurated, the relations of which society consists are for the most part relations of power of one class (or a coalition of class forces) over the other classes of society. Furthermore, these social relations of power are organized historically with different ways. This means that if we remove from each country the particular forms with which social relations appear at each particular conjuncture, and seek the deeper structural elements of these relations, we will find that there are certain modes of production, i.e., characteristic ways of organization of societies (of social power), which in each case are dominant. To each of these modes of production corresponds a unity of economic, political, and ideological relations of a specific type: that is, a specific type of economic domination and exploitation corresponds to a specific type of organization of political power and the domination of a specific type of ideological forms.

Following conceptual definitions of the “Althusser School”⁶ it is argued that the relations of production can be comprehended as the ensemble of *ownership*, *possession* and *use* of the means of production; where, the means of production are the “*objective conditions of labour*” (Marx 1990, 1026).

A. The *use* of the means of production is defined as the exclusive performance of the actual labour, i.e. participation in the labour process with a view to producing use values.

B. The *ownership* as an (real) economic relationship is the control of the production means, “i.e. the power to assign the means of production to given uses and so to dispose of the production obtained” (Poulantzas 1975, 18).

C. The *possession* of the means of production, i.e. the management of the production process, namely “the capacity to put the means of production into operation” (ibid). Accordingly, ownership as an economic relation exists in a relation of homology with the possession. In the event of non-homology, ownership is not an economic but a purely formal or legal relation.

⁶ For what follows see Milios & Economakis 2011 and the literature presented there.

A mode of production refers to the particular combination of these three fundamental relations that shape the relations of production (Milios 2000, Economakis 2005). This particular combination forms the economic structure of a mode of production and defines which of its three constituent structures (economic, juridico-political or ideological) is *dominant*. The economic structure plays in all cases the role of *the decisive-in-the-last-instance* structure.

From the above considerations, and according to Althusser (1986, 180), the social classes are formed within the modes of production as the “occupants” of the fundamental relations, insofar as they are the “carriers” of these relations. Thus social classes are characterized by the relations of production – that is by the *structural class places* (see also Marx 1991, 1019-1020). Here, the social classes are defined as the *fundamental* social classes of a mode of production. Correspondingly, we define *non-fundamental* or *intermediate* social classes the social groups that are not “carriers” of fundamental relations.

The above also apply to a production process which does not entail surplus-product appropriation. According to Poulantzas (1973-a, 1973-b), such a process constitutes a *form of production* (whereas the mode of production presupposes relations of exploitation).

In a given historical social formation different modes or forms of production creating a complex class configuration may exist (Milios 1999). The articulation of different modes or forms of production constitutes the economic base of a social formation and is always dominated by one particular mode of production. The dominant mode of production modifies the particularity of all other modes or forms of production according to its existence and reproduction (see Marx 1981-a: 106-107).

In accordance to its dominant structure, the dominant mode of production of the economic base in-the-last-instance determines the particular historical characteristics and functions of the juridical-political-cultural superstructure of a historical social formation (Marx 1981-b, 1990). However, the superstructure also affects economic base, ensuring class economic domination. This reverse influence refers to the Althusserian concept of *overdetermination of superstructure to the economic base* (Althusser 1976, Althusser in Althusser-Balibar 1986).

In specific societies a complex class configuration exists due to two causes: (1) the articulation of more than one mode or forms of production (level of economic base); (2) the functions of the social power of the ruling class (level of superstructure)

may be entrusted to social groups not belonging to the ruling class. These groups not formed within a mode or a form of production must be designated as intermediate social classes, like those that are not “carriers” of fundamental relations (level of a mode of production). This especially concerns part of the “new petty bourgeoisie” as seen below.

Consequently, the social “classes are defined principally (but not exclusively) by their place in the relations of production” (Jessop 1985, 165, see also 160, 170); i.e. “a complete definition of classes must be worked out in terms of economic, political and the ideological [factors]” (Carchedi 1977, 43), with the precondition that *any class definition in contrast to the structural definition on the economic level cannot exist*.

According to Poulantzas (1975, 14-17) the determination of social classes (“class places”) must be distinguished from ideological-political “class positions” which have “each specific conjuncture” as their field. The latter being “the concrete situation of the class struggle”, within the “unique historic individuality of a social formation”. A link between class place and class position can be achieved *provided that* “class instinct” (Lenin) (which corresponds to a class place) is transformed into “class consciousness” – corresponding to the interests of a class. The latter is a class position that corresponds to a class place. Although class places may *potentially* indicate class positions the opposite does not exist: *class positions cannot indicate class places*. “A social class [...] may take up a class position that does not correspond to its interests” (ibid 15-16).

3. Classes in Advanced Capitalist Societies

3.1. The Capitalist Mode of production and the State

The capitalist mode of production (CMP) emerges on the base of a unified double historical movement: emancipation of producers from Feudal or Asiatic homage and their separation from the means of production (and subsistence) that they possessed under these historical conditions in favour of the new exploiting class (see Marx 1990). This movement both creates the free-worker in the double sense (the free expropriated individual) (Marx 1990, 272-273) and massively transforms labour-power into a commodity (Marx 1981-a, 1990) forming the *elementary feature* (of the economic structure) of the CMP. The latter is the *homology of the relation of*

ownership and possession in the class “carrier” of ownership (real ownership) by the separation of free-producers from possession of the means of production. Real ownership connotes that free-workers work for the benefit of the owners’ class, without extra-economic coercion: dominant economic structure.

Thus, on the political and ideological levels of society, the labourers’ separation from the possession of the production means has as a counterpart their transformation into free citizens, with all that this entails for the structural characteristics of the capitalist state (its “neutral” hierarchical-bureaucratic organization, its “classless” function on the basis of the rule of law, etc.) and the ruling ideology (the ideology of individual and equal rights, etc.) (Milios, et al. 2002). From this viewpoint, the domination of the economic structure in the CMP in-the-last-instance determines the structural characteristics of the capitalist state and the ruling ideology.⁷

However, we maintain that the elementary feature of the CMP cannot define itself the owners of the means of production as the capitalist class. According to Marx (1990, 423, 439, 453, 1020, 1022, 1027 1035) the CMP has as benchmark the augmentation of the number of workers labouring in order to jointly produce the same commodity. Thus for the appearance of the owner of the production means as “capital” (supervision-direction of the process) and the producer as “labour” the scale of production, the magnitude of capital and the number of wage-earners employed by the entrepreneur, must be such that *the capitalist is absolutely disengaged from actual labour*. The capitalists’ income (i.e. profit) depends on the magnitude of the total capital advanced and not on their labour. This labour process is exclusively exploited by agents other than those participating in it. The owners’ full disengagement from actual labour is *the necessary precondition* of the CMP. This precondition transubstantiates the elementary feature (of the economic structure) of the CMP into the specific one. As seen below this precondition differentiates the capitalist class from the class which is called “middle bourgeoisie”.

3.1.1. The capitalist class, the working class and the new petty bourgeoisie

⁷ In Feudal and Asiatic modes of production, by contrast, the ownership of the means of production by the ruling class was never complete, since the working/ruled classes still maintained their possession. This fact is connected to significant corresponding characteristics in the structure of the political and ideological social levels as well. Economic exploitation had as its complementary element direct political coercion (see Marx 1991, 927 ff.).

According to Marx (ibid, 458, 468, 1039-1040), with the emergence of capitalist enterprise (first in “formal” and then in “real subsumption of labour under capital”) “the *real lever* of the overall labour process is increasingly not the individual worker”, but the “collective worker formed out of the combination of a number of individual workers”. This collective worker is identified with productive labour. The managers,⁸ the engineers, the technologists, the overseers, the manual labourers constitute this collective worker. Therefore, this collective worker stands on the level of the technical division of labour in the capitalist production process as the bearer of overall-combined labour, which is identified with the total of wage-earners (productive-labour-productive-workers).

Which are then the fundamental classes of the CMP?

The *capitalist class* is the “carrier” of real ownership. The other class of the CMP is the *working class*, the “carrier” of the use relation, which is the exclusive performance of the actual labour within the capitalist labour process. From this viewpoint, the fundamental classes of the CMP are the capitalist and the working classes, and consequently these classes are the *basic classes* of a capitalist social formation.

The question is as follows: is (capitalistically) hired (i.e. productive labour – including all these different kinds of labour) identical with the working class?

According to Marx (ibid, 450) within the collective worker an “industrial army [...] like a real army, officers (managers) and N.C.O.s (foremen, overseers)”, of a special kind of wage-labourers is formed, whose exclusive function is the work of management-supervision (*as opposed to the performance of actual-manual- labour*). Consequently, wage-earners belonging to this special category of wage-labour do not *exclusively* perform the function of labour (use relation) but, on the contrary, *exercise powers of capital*. Although they are productive workers – exploited by capital –, they also “function as capital”.⁹ That is, despite the subjection to capitalist exploitation, they are not elements of the working class. Consequently they are part of an intermediate social class, situated between the capitalist and the working class. This intermediate social class is the so-called *new petty bourgeoisie*. Engineers and

⁸ Excluding the *top* managers, which “belong to the bourgeois class even if they do not hold formal legal ownership” (Poulantzas 1975, 180); see also Marx 1991, 568.

⁹ For the “*double nature*’ of the work of supervision and management” see Marx (1991, 507-508).

technicians (technologists) also belong to this class, performing specific forms of management-supervision labour, which emanates from the specifically capitalist division between science and experience (ibid, 234, 236-237, 239-241). However, the case differs if “engineers and technicians [...] are located [...] in branches in which they themselves form the main labour force” (ibid, 242). In this case they become the class “carrier” of the use relation and a process of “proletarianization of intellectual tasks” may appear (Pestieau 1998-internet).

3.1.2. The state and the new petty bourgeoisie

We have defined the new petty bourgeoisie as the intermediate class of CMP. Following Poulantzas (mainly 1973-a, 1975) we maintain that the new petty bourgeoisie also comprises all those wage-earners who staff the apparatuses of the capitalist state, and so exercise powers in the name of the capitalist system in the process of its social reproduction.

The question posed is why different social groups and agents belong to the same social class, despite the fact that they undertake different roles in the capitalist division of labour (capitalist production vis-à-vis state apparatuses)?

The answer is that these groups *exercise the same type of social functions within capitalist production-social-reproduction*, despite the different social levels. There is a *structural interaction* that unites these social functions: *on the one hand the domination of the economic structure in the CMP in-the-last-instance determines the functions of superstructure and on the other hand the superstructure overdetermines capitalist economic domination –i.e. it harmonizes the economic level functions with the needs of the overall capitalist reproduction*. Thus, it is through this interaction that these different social groups find their common class place within capitalism and the corresponding social functions. These functions converge at the capitalist power reproduction at any social level.

Thus, the *new petty bourgeoisie* is the *intermediate social class* of capitalism that comprises *wage-earners* who are not part of the working class, precisely due to their place in the exercise of capitalist powers. Parallel to this, these wage-earners are not part of the capitalist class, since they are not owners of the means of production, often being subjected to capitalist exploitation. They exercise the following functions:

(i) functions that insure the extraction of surplus-value, such as the supervision-overseeing-control of the production process (technicians, engineers, etc.);

(ii) functions that insure the cohesion of capitalist political power (state bureaucracy, the judicial apparatus, the military, etc.) and the systematization and dissemination of the ruling ideology, such as education (see also Pannekoek 1909-internet).

The new petty bourgeoisie includes therefore both productive wage-earners (i.e. those who exchange their labour for capital and produce surplus-value): category (i), and non-productive wage-earners (i.e. those who are employed in the public [non-entrepreneurial] sector and do not produce surplus-value): category (ii).¹⁰

3.2. *Non-capitalist modes/forms of production¹¹ and middle classes*

The CMP and the capitalist development *coexist* with non-capitalist modes or forms of production – forming particular models of reproduction under capital domination.

3.2.1. The simple commodity production and the traditional petty bourgeoisie

Marx (1975, 407-409) states that “independent” (i.e. non-wage-earners) producers “who employ no labourers and therefore do not produce as capitalists [...] are *producers of commodities* [...] not [...] sellers of labour [...] their production does not fall under the capitalist mode of production”. This producer “is cut up into two persons. As owner of the means of production he is capitalist; as labourer he is his own wage-labourer”. His means of production “are therefore not capital”. One class place “unites the separate function”.

Marx’s thesis refers thus to a homology of the ownership relation and possession (real ownership) with use relation *in one* class “carrier”. Consequently, within

¹⁰ A problem exists in relation to the class identity of the lower-ranking civil servants (e.g. “workers” or cleaners employed as permanent staff in public utilities, local government, etc.). Investigation of this question is not in the purpose of the present text.

¹¹ Here “production” is any process that entails costs offering commodities. In the case of the mode of production that we call hybrid the production process presupposes also limited hired labour paid by capital (see below).

capitalism we find a historically particular non-capitalist *form of production*, the simple commodity production (SCP).¹² The predominance of the CMP implies that simple commodity producers *must* produce for the market in order to survive (within competitive conditions) as owners of the production means. As a result, production is production for the market, without any form of extra-economic coercion being required for this. In SCP, *one fundamental social class* is defined: the *traditional petty bourgeoisie*.

What is the model of reproduction of SCP?

According to Marx (1991, 941-942, 946), “[t]he only absolute barrier he [the traditional petty bourgeois] faces [...] is the wage that he pays himself, after deducting his actual expenses”. He produces “as long as the price of the product is sufficient for him to cover this wage; and he often does so down to a physical minimum [...] here [...] production [...] proceeds without being governed by the general rate of profit”.

Consequently, it can be inferred that the SCP “designates” a particular form of production within capitalism, “the ‘logic’ of which is subsistence [...] as opposed to the [capitalist] logic of the appropriation and realization of surplus-value and the accumulation of capital” (Bernstein 1979, 425, see also Banaji 1977, 33).

3.2.2. The hybrid mode of production and the middle bourgeoisie

The hybrid mode of production (HMP) is the production mode within capitalism in which unpaid (family) labour coexists with marginal *but permanently* hired (non-family) labour. Like the CMP, permanently hired labour exists and, like the SCP, the real owner (the family-collective-entity) is also “carrier” of use relation. Simultaneously there is explicit diversification.

In comparison to the CMP, the HMP is diversified by the fact that the owner is also “carrier” of use relation. This implies that, in order to jointly produce the same sort of commodity within a unified labour process, the scale of HMP production, and the magnitude of capital employed by the collective entity and, therefore, the number of workers employed must be such that the employer *is disengaged only partially from the use of the means of production*. Therefore, the labour process can only be in

¹² Given our previous relative admission, we call the SCP a “form” of production inasmuch as its production process does not entail within it surplus-product appropriation (see below).

part a process of exploitation of hired labour and only a fraction of the surplus-product (if it exists) is produced by the exploitation of hired labour. In other words, in the case of the HMP the precondition that we have called *necessary* for the formation of CMP (full disengagement of the real owner from labour) does not exist. Contrary to SCP, the existence of hired labour in HMP means that a relation of exploitation emerges in this mode of production. Thus within the HMP *two fundamental social classes* are constituted: the wage-earning producers class and the class that is the “carrier” of real ownership and (partially) of use relation. This “small employers” class is the *middle bourgeoisie*. The class that is alone “carrier” of use in HMP (hired labour) may be called *spurious working class* to distinguish it from the working class that is constituted within the CMP (Economakis 2005).

Similar to SCP, HMP is formed in accordance to capital domination, that is the middle bourgeois *must* produce for the market, without extra-economic coercion being required for this, in order to survive (within competitive conditions) as a collective entity which, in this case, employs hired labour.

Which is the model of reproduction of HMP?

The capitalist production “aim is that the individual product should contain as *much unpaid labour as possible*” (Marx 1990, 1038). The SCP aim is the reproduction of the traditional petty bourgeois as an owner of the means of production, and this aim presupposes the maintenance of family labour. The hybrid production aim is hybrid inasmuch as *the structural necessity of family labour interweaves with the existence of hired potentially exploited labour*. In other words, the non-maximization of profit coexists with the “law” of “the *maximum of profit* with the *minimum of work*” (ibid, 1037).¹³

4. Economic Crisis and Unemployment. The Case of Greece

The above analysis identifies five classes in contemporary advanced capitalist societies:¹⁴ The two fundamental classes of the CMP, i.e. the capitalist class and the

¹³ Between SCP and HMP there are mediate class situations, like the existence of seasonal temporary hired labor in SCP labor process. Our intention here is only to suggest two theoretical clear differentiated class places.

¹⁴ In certain societies non-fundamental classes may originate from transition processes, as some modes of production dissolve under the weight of the expanded reproduction of the capitalist mode of

working class (along with the spurious working class), and three middle classes; (i) the traditional petty bourgeoisie, (ii) the new petty bourgeoisie and (iii) middle bourgeoisie. Are all three middle classes being hit by the systemic capitalist crisis and the capitalist strategy in the crisis, i.e. neoliberal austerity, in a similar way as the working class (and the spurious working class)?

In order to answer to this question let us start from some employment data, showing the effects of economic crisis and neoliberal policies on the Greek labour force, which probably suffered more than the labour force of any other European country, as unemployment rose from 7.3% in 2008 (the year with the highest employment rate in the country) to 27.3% in 2013 (26.6% in the 2nd Q. of 2014).

Tables 1-3 show (a) changes in total employment and unemployment and of the labour force, in the time period 2006-2014, (b) the percentage change in employment, unemployment and the labour force between 2008 and 2014, (c) the change in wage employment of private and public sectors between 2008 and 2014.¹⁵

We notice that policies of neoliberalism (privatizations, downsizing of public enterprises etc.) have nearly halved wage employment in the sector of public enterprises, whereas the percentage reduction of wage employment in the private sector equals that in the economy as a whole.

| Table 1. Employed, Unemployed and Labour Force, 2006-2014 (2nd Q.) | | | |
|---|-----------|------------|--------------|
| Year | Employed | Unemployed | Labour Force |
| 2006 | 4.531.543 | 440.676 | 4.972.219 |
| 2007 | 4.572.410 | 408.050 | 4.980.460 |
| 2008 | 4.637.262 | 366.685 | 5.003.947 |
| 2009 | 4.584.595 | 455.606 | 5.040.201 |
| 2010 | 4.436.513 | 604.594 | 5.041.107 |
| 2011 | 4.124.217 | 815.602 | 4.939.819 |
| 2012 | 3.729.923 | 1.163.028 | 4.892.951 |

production. The typical example is the class of land-owners in some capitalist countries (e.g., Britain) which emerges from the transformation-adjustment of the class of the feudal lords: with the break-up of the feudal mode of production, feudal ownership is transformed into a capitalist type (complete ownership of land), and the serfs are evicted from the land (which is now fenced off by the land-owners), and are deprived of any of their previous rights to the (use of) land. Within this process, the feudal lords become land-owners in the contemporary (capitalist) sense: owners of the land who enjoy as a special form of income the capitalist land-rent, through the renting of their lands to the capitalist-farmers.

¹⁵ All Tables presented in this paper stem from Economakis George et al, 2015 (in Greek).

| | | | |
|---|-----------|-----------|-----------|
| 2013 | 3.535.003 | 1.327.882 | 4.862.885 |
| 2014 | 3.539.085 | 1.280.101 | 4.819.186 |
| Source: Hellenic Statistical Authority, Employment Surveys | | | |

| Table 2. Change in Employment and Unemployment between 2008 and 2014 (2nd Q.) | | | | | |
|--|---------|------------|---------|--------------|--------|
| Employed | | Unemployed | | Labour Force | |
| -1.098.177 | -23,68% | 913.416 | 249,10% | -184.761 | -3,69% |
| Source: Hellenic Statistical Authority, Employment Surveys, own calculations | | | | | |

| Table 3. Change in wage employment of private and public sector between 2008 and 2014 (2nd Q.) | | | | | | | | | |
|---|---------|----------------------|---------|--------------------|---------|---------------------|---------|------------------------------|---------|
| Private Sector | | Narrow Public Sector | | Public Enterprises | | Total Public Sector | | Total Number of Wage Earners | |
| -510.775 | -25,54% | -160.828 | -18,37% | -71.563 | -46,70% | -232.391 | -22,59% | -743.166 | -24,54% |
| Source: Hellenic Statistical Authority, Employment Surveys, own calculations | | | | | | | | | |

Next, we allocated the available employment data to the class sets of our theoretical analysis. *Table 4* was then constructed. In this Table columns refer to class entities and rows to sectors of the economy:

- ☒ We defined Modes of Production (and the corresponding social classes) as follows:
Capitalist Mode of Production (CMP) = Enterprises with 10 employees or more;
Hybrid Mode of production (HMP) = Enterprises with 2-5 employees;
‘Shadow Zone’ between HMP and CMP = Enterprises with 6-9 employees or with unknown number of employees, but up to 10;
Simple Commodity Production (SCP) = Self-Employed without wage-personnel.
- ☒ We aggregated the working class and the spurious working class in the same column.
- ☒ We added the lower wage scale of state employees (cleaners, gardeners etc.) to the spurious working class.
- ☒ We added the highest rank of state employees to the bourgeoisie.
- ☒ We created a separate row for the ‘Shadow Zone’ between the CMP and the HMP and a separate column for the Helping Family Workers of the Middle Bourgeoisie (HMP) and the Traditional petty Bourgeoisie (SCP).

The next two Tables (5 & 6) show the percentage distribution in total employment and in the labour force respectively, of the Bourgeoisie (plus the highest

ranks of state employees), the Middle Classes (Middle Bourgeoisie, Traditional Petty Bourgeoisie and New Petty Bourgeoisie) and the Working Class (plus the Spurious Working Class and the lower wage scale of state employees).

The highest decrement in employment (-44%) corresponds to the *middle bourgeoisie* (and the shadow zone between the capitalist class and the middle bourgeoisie). However, if we consider the fact that the employment of the *traditional petty bourgeoisie* decreased only by 8.5%, we may conclude that a part of the middle bourgeoisie (and a fraction of small capitalists) has been transformed to petty bourgeoisie during the crisis years: They have laid off their employees or workers and survived as simple commodity producers (self-employed without personnel). The non-capitalist entrepreneurial class set (middle bourgeoisie plus traditional petty bourgeoisie plus their helping family personnel) has shrunk by 21% between 2008 and 2014, a percentage decrease which practically coincides with the employment reduction of the working class in the private sector of the economy (-21.5%) and is close to the average employment decrease in the economy as a whole (-24%). The Greek GDP decreased during the period 2008-2014 by 23.3%.

Table 4: Social Stratification in Greece, in total employment. Thousands of people, 2014 (2nd Q.), compared to [2008]. (% of Change)

| | 1. Working Class and Spurious Working Class | 2. Bourgeoisie | 3. Middle Bourgeoisie (MB) | 4. Traditional Petty Bourgeoisie (TPB) | 5. Helping Family Workers MB + TPB | 6. New Petty Bourgeoisie | Total |
|----------------------------|--|-----------------------------|-------------------------------------|--|--|--------------------------------|---------------------------------|
| CMP, Private Sector | 646 [823.5] (-21.5%) | 32 [56] (-43%) | | | | 111.5 [118.5] (-0.6%) | 789.5 [998] (-21%) |
| HMP | 457 [647] (-29.5%) | | 175 [292] (-40%) | | | | 632 [939] (-33%) |
| Shadow Zone HMP/CMP | 250 [379] (-34%) | | 26 [68] (-62%) | | | 15.5 [22] (-29.5%) | 291.5 [469] (-38%) |
| State | 78 [109.5] (-29%) | 10 [13] (-23%) | | | | 627 [753] (-27%) | 715 [875.5] (-20%) |
| CMP, Public Enterprises | 70 [126] (-44.5%) | 1 [7] (-86%) | | | | 11 [20] (-45%) | 82 [153] (-46.5%) |
| Self Employed (SCP) | | | | 877 [957] (-8.5%) | 152 [245.5] (-38%) | | 1.029 [1.202.5] (-14.5%) |
| Total | 1.501 [2.085] (-28%) | 43 [76] (-43.5%) | 201 [358] (-44%) | 877 [957] (-8.5%) | 152 [245.5] (-38%) | 765 [913.5] (-16%) | 3.539 [4.637] (-24%) |

Source: G. Economakis et al, *The Class Structure of Greek Society and the Position of the Working Class*, Athens 2015 (in Greek).

Table 5: Social Stratification in Greece, % in total employment, 2006-2014 (2nd Q.).

| Social Classes | 2006 | 2008 | 2010 | 2011 | 2012 | 2013 | 2014 |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Bourgeoisie (2) | 1,61 | 1,64 | 1,24 | 1,21 | 1,39 | 1,49 | 1,21 |
| Middle Classes (3+4+5+6) | 54,21 | 53,38 | 54,86 | 56,47 | 57,66 | 58,38 | 56,37 |
| Working-Popular Classes (1) | 44,18 | 44,97 | 43,90 | 42,32 | 40,95 | 40,14 | 42,42 |
| Total | 100,00 | 100,00 | 100,00 | 100,00 | 100,00 | 100,00 | 100,00 |

Source: G. Economakis et al, *The Class Structure of Greek Society and the Position of the Working Class*, Athens 2015 (in Greek).

Table 6: Social Stratification in Greece, % in labour force, 2006-2014 (2nd Q.).

| Social Classes | 2006 | 2008 | 2010 | 2011 | 2012 | 2013 | 2014 |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Bourgeoisie (2) | 1,46 | 1,52 | 1,09 | 1,01 | 1,06 | 1,08 | 0,89 |
| Middle Classes (3+4+5+6) | 49,41 | 49,47 | 48,28 | 47,15 | 43,95 | 42,44 | 41,40 |
| Working-Popular Classes (1) | 40,27 | 41,68 | 38,64 | 35,33 | 31,22 | 29,18 | 31,15 |
| Unemployed | 8,86 | 7,33 | 11,99 | 16,51 | 23,77 | 27,31 | 26,56 |
| Total | 100,00 | 100,00 | 100,00 | 100,00 | 100,00 | 100,00 | 100,00 |

Source: G. Economakis et al, *The Class Structure of Greek Society and the Position of the Working Class*, Athens 2015 (in Greek).

CMP = Capitalist Mode of Production (Enterprises with 10 employees or more)
HMP = Hybrid Mode of production (Enterprises with 2-5 employees)
‘Shadow Zone’ between HMP and CMP (Enterprise with 6-9 employees or with unknown number of employees, but up to 10)
SCP = Simple Commodity Production (Self-Employed without wage-personnel)

A striking result of our empirical analysis is the extended shrinkage of the bourgeoisie in the period 2008-14 (-43.5%). This is an indication of the restructuring of Greek capitalism, with the concentration of capital in fewer enterprises, with one part of capital being cleared off by the crisis and the other growing with new dynamism. It is characteristic that the profits¹⁶ of the 500 most profitable enterprises in Greece increased from 2012 to 2013 by 209.9% (from 3.8 to 11.8 billion euros), whereas the turnover of these enterprises was reduced in the same period by 2.3% (from 90.8 to 88.7 billion euros).¹⁷

Remarkable is, finally, the very low decrease of the new petty bourgeoisie in the private capitalist sector of the economy (-0.6%), showing probably that the function of this class in the structural hierarchy of capitalist enterprises remains indispensable, despite the crisis and the decrease in the turnover of the sector, over the period 2008-2013.

5. The working class and the middle classes in the crisis.

Structural and conjunctural determinations

The crisis has added a strong conjunctural element to the structural determinations of class practices, as they were discussed in the past (Milios and Economakis 2011).

The first demarcation line is shaped in relation to the capitalist strategy of austerity, market liberalization and privatizations. This line polarizes on the one side the bourgeoisie as a class strategy expressed by the capitalist state and on the other the working class. However this polarization does not mean that the working class primarily tends towards anti-capitalism. It rather develops a propensity towards reformism in an effort to preserve the income levels and labour rights that existed before the crisis, especially as a large part of the working class has lost its job or faces the risk of unemployment. Besides, in the case of Greece, a significant number of big enterprises¹⁸ have not undertaken any cuts of salaries during the crisis years. This creates a feeling of “consonance” of workers with “their company” that strengthens social peace in the workplace.

¹⁶ EBITDA: Earnings before Interest, Taxes, Depreciation and Amortization.

¹⁷ <http://www.tovima.gr/files/1/2014/10/ICAP.pdf>

http://dir.icap.gr/mailimages/e-books/GrFigures2015/2015_07_31_11_49_21/document.pdf

¹⁸ In 2014, the 518 biggest Greek corporations concentrated 26.3% of the wage labour in the private sector of the country (approximately 420 thousand people).

In the hybrid mode of production, the spurious working class is acrimoniously hit by income cuts, precarious labour conditions and unemployment. It therefore identifies itself with the anti-neoliberal stance of the working class in the capitalist sector of the economy, enjoying less labour rights but often showing more radical political aspirations.

The second demarcation line arises from the capitalist strategy of privatizations of public services (dismantling the welfare state) and public enterprises, and creates a tendency towards confrontation of the majority of state employees with the capitalist neoliberal agenda. As we have seen, the state is mainly manned by the new petty bourgeoisie. At the same time, 83% of the petty bourgeoisie is being employed by the state. This tension tends to polarize the majority of the petty bourgeoisie to the side of the labour anti-neoliberal social camp.

The new petty bourgeoisie occupies also middle and lower supervision and managerial places in large companies. As a tendency emanating from the structural element of its place in the production process, its aim is likely to be the further development of these enterprises, that is to say “the country’s economy going ahead” (see also Cliff 2000-internet, chapter 6) and the increase in “competitiveness” of the economy. From this point of view the aspirations to upward social mobility of the new petty bourgeois are to be identified with the progress in the big corporation (and the state apparatuses). In contrast to other middle class collectivities, the new petty bourgeoisie also favours the increase in responsibilities for all those commanding knowledge and manning the intermediate places in the state and enterprise hierarchy, “being strangled by the lack of recognition” for the powers that they exercise. Their relationship with the large capitalist enterprise and the state is one of *interiority*.

The reformist element emerging from the structural and the conjunctural determination of this class’s social position is twofold: On the one hand the adherence to the state and to the growth of collective competences, and on the other the incorporation in the wage-earners side, raising the issue of wage protection and income “redistribution”. Hence, the new petty bourgeoisie is to a great extent oriented towards trade-union activity and reformist political parties.

In contrast to the new petty bourgeoisie, in the case of middle bourgeois and traditional petty bourgeois the relationship with the large enterprise is *antagonistic* and likewise towards the state it is one of *exteriority*. Therefore, an economic and taxation policy protecting them from capitalist competition is demanded. Both classes

tend thus to lend an ear to the neoliberal ideologies of “less state” and “less taxes”. On account of the exteriorized relations with the state apparatus, the middle bourgeoisie and the traditional petty bourgeoisie display their fetishism of the state and power through their defence of the traditional values of the dominant ideology, especially of the “*family*”. The significance of the coherence of the family-collective-entity is much more crucial in the case of the SCP labour process than the HMP. One expects therefore that the traditional values may be nested par excellence within the traditional petty bourgeoisie, and less within the middle bourgeoisie.

However, as we have clearly concluded in the empirical section of this paper, these two classes form a kind of social continuum, as the middle bourgeoisie (and probably a section of small capitalists) is easily and rapidly descending to traditional petty bourgeoisie in the conjuncture of a crisis, whereas the latter always keeps its aspiration for upward mobility in the entrepreneurial world. The “anti-capitalism” of the *traditional petty bourgeoisie* reaches the limit attempting to reproduce itself within competitive conditions as a class that owns means of production. This is a similar point of view to that of the middle bourgeoisie (see also Pannekoek 1909-internet). Despite these convergences, both classes are also characterized by diverging motives.

The middle bourgeoisie’s commitment to the status quo is primarily a commitment against “redistribution” (rise in labour costs), i.e. in favour of austerity, since it is a class of small employers, vis-à-vis traditional and new petty bourgeoisie. From this aspect the middle bourgeoisie approaches the capitalist class interests. Moreover, the aspiration for upward mobility is registered in the economic structure of HMP (as far as the profit is contained, even inconsistently, in the hybrid production aim). This places the middle bourgeoisie strategically in the capitalist camp. However, contrary to the middle bourgeoisie, traditional petty bourgeoisie favours certain forms of “redistribution of wealth”, since its reproduction (as a class of owners) does not depend on alien labour exploitation but, more or less, on additional incomes coming from effective demand by wage employment. This status of semi-proletarianization and the intense “self-exploitation” of the traditional petty bourgeoisie in the production practice (“squeeze” of simple reproduction terms as a condition of its competitiveness) place some parts of it nearer to the working class, under specific conditions of social conjuncture. In addition, SCP’s “logic of subsistence” also places the traditional petty bourgeoisie nearer to the working class with regard to the diminished “upward aspirations” in the conjuncture of a crisis. The collapse of the

pensions system in the crisis also pushes the traditional petty bourgeoisie towards the labour anti-austerity camp.

Throughout history it has repeatedly been demonstrated that in phases of destabilization and disintegration of parliamentary relationships of representation, small entrepreneurship is attracted by fascism, staffs the *far-right movements* and constitutes the main bulk of their popular base. Frequently, this tendency also appears in periods where the bonds of “citizens” representation by political parties are merely loosened or in periods where the state is undergoing restructuring in a conservative direction (Poulantzas 1974). Regarding Fascism and Nazism, this support could be interpreted by the specific elements of common character of anti-capitalism-within-capitalism that are shared by the middle bourgeoisie and the traditional petty bourgeoisie, in relation to the “anti-plutocratic” declarations of the Far Right. As noted, this common character is based on the middle bourgeoisie and the traditional petty bourgeoisie common interest against large capitalist companies which constitute a threat to their survival as classes that own means of production.

Concluding this analysis we may say that the middle classes neither occupy a unique place in the totality of economic and social relations that characterise advanced capitalist societies, nor they attain a converging class position in the crisis.

In the conjuncture of contemporary economic crisis the new petty bourgeoisie of wage earners in the capitalist state and in capitalist enterprises tends to ally with the anti-neoliberal stance of the working classes, whereas the middle bourgeoisie of small-scale entrepreneurship approaches the capitalist strategy of austerity and privatizations. The traditional petty bourgeoisie of self-employment seems rather to be divided between these two positions; on the one hand building a social continuum, albeit with significant contradictions, with the middle bourgeoisie, and on the other joining the struggles for a solidary pension system and against further cuts in popular incomes, along with the realm of wage labour.

It does not belong to the scopes of this paper to examine under what circumstances or preconditions the struggle of the working class and its allies against neoliberalism and austerity may be effective and victorious. At this point, a hint might be sufficient: As neoliberalism and austerity constitutes the strategy of capital especially in the crisis, every political agenda that tries to compromise capitalist and labour interests is doomed to degenerate to a version of “neoliberalism with a humane face”.

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