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Class Conflict in the Capitalist World-Economy

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Social class was not a concept invented by Karl Marx. The Greeks knew it and it re-emerged in eighteenth-century European social thought and in the writings that followed the French Revolution. Marx's contribution was threefold. First, he argued that *all* history is the history of the class struggle. Second, he pointed to the fact that a class *an sich* was not necessarily a class *für sich*. Third, he argued that the fundamental conflict of the capitalist mode of production was that between bourgeois and proletarian, between the owners and the non-owners of the means of production. (This is in contrast to the suggestion that the key antagonism is between a productive and non-productive sector, in which active owners were grouped with workers as productive persons as opposed to non-productive rentiers.)

As class analysis came to be used for revolutionary ends, non-revolutionary thinkers by and large put it aside, many if not most fervidly rejecting its legitimacy. Each of Marx's three major contentions on class has been subject to violent controversy ever since.

To the argument that class conflict was the fundamental form of group conflict, Weber responded by arguing that class was only one of three dimensions along which groups were formed, the other two being status and ideology, and that these three dimensions were more or less equal in relevance. Many of Weber's disciples went further and insisted that it was status-group conflict that was primary or 'primordial'.

To the argument that classes existed *an sich* whether or not, at given points of time, they were *für sich*, various social psychologists insisted that the only meaningful construct was a so-called 'subjective' one.

Individuals were members of only such classes as they considered themselves to be.

To the argument that the bourgeoisie and the proletariat were the two essential, polarized groups in the capitalist mode of production, many analysts responded by arguing that more than two 'classes' existed (citing Marx himself), and that 'polarization' was diminishing over time rather than increasing.

Each of these counter-arguments to the Marxian premisses had the effect, to the extent that they were accepted, of vitiating the political strategy derived from the original Marxist analysis. One riposte therefore has been to point to the ideological bases of these counter-arguments, which of course was done many times. But since ideological distortions involve theoretical incorrectness, it is in fact in the long run more effective, both intellectually and politically, to concentrate on discussing the theoretical usefulness of the competing concepts.

In addition, the running assault on the Marxian premisses about class and class conflict have combined with the realities of the world to create internal intellectual uncertainty in the Marxist camp, which has taken three forms over time: debate on the significance of the so-called 'national question'; debate on the role of specified social strata (particularly the 'peasantry' and the 'petty bourgeoisie' and/or the 'new working class'); debate on the utility of concepts of global spatial hierarchization ('core' and 'periphery') and the allied concept of 'unequal exchange'.

The 'national question' first began to plague Marxist (and socialist) movements in the nineteenth century, especially within the Austro-Hungarian and Russian empires. The 'peasant question' came to the fore between the two world wars with the Chinese Revolution. The dependent role of the 'periphery' became a central issue after the Second World War, in the wake of Bandung, decolonization and 'Third Worldism'. These three 'questions' are in fact variants of a single theme: how to interpret the Marxian premisses; what in fact are the bases of class formation and class consciousness in the capitalist world-economy as it has historically evolved; and how does one reconcile descriptions of the world in terms of these premisses with the ongoing political definitions of the world by the participating groups.

I propose, in view of these historical debates, to discuss what the nature of the capitalist mode of production tells us about who in fact are bourgeois and proletarians, and what are the *political* consequences of the various ways both bourgeois and proletarians have fitted into the capitalist division of labour.

What is capitalism as a mode of production? This is not an easy question, and for that reason is not in fact a widely discussed one. It seems to me that there are several elements that combine to constitute

the 'model'. Capitalism is the *only* mode of production in which the *maximization* of surplus-creation is rewarded *per se*. In every historical system, there has been *some* production for *use*, and *some* production for *exchange*, but only in capitalism are all producers rewarded primarily in terms of the exchange value they produce and penalized to the extent they neglect it. The 'rewards' and 'penalties' are mediated through a structure called the 'market'. It is a structure but not an institution. It is a structure moulded by *many* institutions (political, economic, social, even cultural), and it is the principal arena of economic struggle.

Not only is surplus maximized for its own sake, but those who use the surplus to accumulate more capital to produce still more surplus are further rewarded. Thus the pressure is for constant expansion, although the individualist premiss of the system simultaneously renders *constant* expansion impossible.

How does the search for profit operate? It operates by creating legal protections for individual firms (which can range in size from individuals to quite large organizations, including parastatal agencies) to appropriate the surplus-value created by the labour of the primary producers. Were all or most of this surplus-value, however, consumed by the few who owned or controlled the 'firms', we would not have capitalism. This is in fact approximately what had happened in various pre-capitalist systems.

Capitalism involves in addition structures and institutions which reward primarily that subsegment of the owners and controllers who use the surplus-value only *in part* for their own consumption, and in another (usually larger) part for further investment. The structure of the market ensures that those who do not accumulate capital (but merely consume surplus-value) lose out economically over time to those who do accumulate capital.

We may thereupon designate as the bourgeoisie those who receive a part of the surplus-value they do not themselves create and use some of it to accumulate capital. What defines the bourgeois is not a particular profession and not even the legal status of proprietor (although this was historically important) but the fact that the bourgeois obtains, either as an individual or a member of some collectivity, a part of the surplus that he did not create and is in the position to invest (again either individually or as part of a collectivity) some of this surplus in capital goods.

There is a very large gamut of organizational arrangements which can permit this, of which the classic model of the 'free entrepreneur' is only one. Which organizational arrangements prevail at particular moments of time in particular states (for these arrangements are dependent on the legal framework) is a function of the state of development of the world-economy as a whole (and the role of a particular state in that world-

economy) on the one hand, and the consequent forms of class struggle in the world-economy (and within the particular state) on the other. Hence, like all other social constructs, the 'bourgeoisie' is not a static phenomenon. It is the designation of a class in the process of perpetual re-creation and hence of constant change of form and composition.

At one level, this is so obvious (at least given certain epistemological premisses) that it is a truism. And yet the literature is cram packed with evaluations of whether or not some local group was or was not 'bourgeois' (or 'proletarian') in terms of a model organizational arrangement derived from some other place and time in the historical development of the capitalist world-economy. *There is no ideal type.* (Curiously enough, though the 'ideal type' is a Weberian methodological concept, many Weberians in practice realize this, and *per contra* many Marxists in fact constantly utilize 'ideal types').

If we accept that there is no ideal type, then we cannot define (that is, abstract) in terms of attributes, but only in terms of processes. How does an individual become a bourgeois, remain a bourgeois, cease being a bourgeois? The basic way one becomes a bourgeois is achievement in the market. How one gets in a position to achieve initially is a subordinate question. The routes are various. There is the Horatio Alger model: differentiation out of the working classes by dint of extra effort. (This is remarkably similar to Marx's 'truly revolutionary' road from feudalism to capitalism.) There is the Oliver Twist model: co-option because of talent. There is the Horace Mann model: demonstration of potential via performance in formal education.

But the road to the diving board is minor. Most bourgeois become bourgeois by inheritance. The access to the swimming pool is unequal and sometimes capricious. But the crucial question is: can a given individual (or firm) swim? Being a bourgeois requires skills not everyone has: shrewdness, hardness, diligence. At any given time, a certain percentage of bourgeois fail in the market.

More importantly, however, there is a large group that succeeds many if not most of whom aspire to enjoy the rewards of their situation. One of the potential rewards is in fact not to have to compete as hard in the market. But since the market presumably originally provided the income, there is a structured pressure to find ways of maintaining income level without maintaining a corresponding level of work input. This is the effort – the social and political effort – to transform achievement into status. Status is nothing more than the fossilization of the rewards of past achievement.

The problem for the bourgeoisie is that the dynamic of capitalism is located in the economy and not in the political or cultural institutions. Therefore, there are always new bourgeois without status, laying claim

to entry to status. And since high status is worthless if too many persons have it, the *nouveaux riches* (the new achievers) are always seeking to oust others to make room for themselves. The obvious target is that subsegment of the old achievers who are coasting on their acquired status but no longer perform in the market.

Ergo, at any one time, there are always three segments of the bourgeoisie: the 'nouveaux riches'; the 'coasters'; and the descendants of bourgeois who are still performing adequately in the market. To appreciate the relations of these three subgroups, we must bear in mind that almost always the third category is the largest one, and usually larger than the other two combined. This is the basic source of the relative stability and 'homogeneity' of the bourgeois class.

There are, however, moments of time when the number of 'nouveaux riches' and 'coasters' as a percentage of the bourgeoisie rises. I think these are usually moments of economic contraction which see both rising bankruptcies and increasing concentration of capital.

As such moments, it has usually been the case that a political quarrel *internal to the bourgeoisie* becomes quite acute. It is often defined terminologically as the fight of 'progressive' elements versus 'reactionary' ones, in which the 'progressive' groups demand that institutional 'rights' and access be defined or redefined in terms of performance in the market ('equality of opportunity'), and 'reactionary' groups lay emphasis on the maintenance of previously acquired privilege (so-called 'tradition'). I think the English Revolution is a very clear instance of this kind of intrabourgeois conflict.

What makes the analysis of such political struggles so open to contention and the real outcome so often ambiguous (and essentially 'conservative') is the fact that the largest segment of the bourgeoisie (even during the conflict) have claims to privilege both in 'class' terms and in 'status' terms. That is, as individuals and subgroups they do not stand to lose automatically, whichever of the two definitions prevail. Typically, therefore, they are politically indecisive or oscillating and seek after 'compromises'. And if they cannot immediately achieve these compromises because of the passions of the other subgroup, they bide their time until the moment is ripe. (Hence 1688-89 in the case of England.)

While an analysis of such intrabourgeois conflicts in terms of the rhetoric of the contending groups would be misleading. I am not suggesting that such conflicts are unimportant or irrelevant to the ongoing processes of the capitalist world-economy.

Such intrabourgeois conflicts are precisely part of the recurring 'shake-downs' of the system which economic contractions force, part of the mechanism of renewing and revitalizing the essential motor of the system, the accumulation of capital. Such conflicts purge the system of a

certain number of useless parasites, bring sociopolitical structures into closer consonance with the changing economic networks of activity, and provide an ideological veneer to ongoing structural change. If one wants to call this 'progress', one may. I myself would prefer to reserve the term for more basic kinds of social transformations.

These other social transformations of which I speak are not the consequence of the evolving character of the bourgeoisie but of the evolving character of the proletariat. If we have defined the bourgeoisie as those who receive surplus-value they do not themselves create and use some of it to accumulate capital, it follows that the proletariat are those who yield part of the value they have created to others. In this sense there exists in the capitalist mode of production only bourgeois and proletarians. The polarity is structural.

Let us be quite clear what this approach to the concept of proletarian does. It eliminates as a *defining* characteristic of the proletarian the payment of *wages* to the producer. It starts instead from another perspective. The producer creates value. What happens to this value? There are three logical possibilities. He 'owns' (and therefore keeps) *all* of it, *part* of it or *none* of it. If he does not keep all of it, but therefore 'transfers' some or all of it to someone else (or to some 'firm'), he receives in return either nothing, goods, money, or goods plus money.

If the producer truly keeps *all* the value produced by him over his lifetime, he is not participating in the capitalist system. But such a producer is a far rarer phenomenon within the boundaries of the capitalist world-economy than we commonly admit. The so-called 'subsistence farmer' quite frequently turns out on closer inspection in fact to be transferring surplus-value to someone by some means.

If we eliminate this group, the other logical possibilities form a matrix of eight varieties of proletarians, only one of which meets the classic model: the worker who transfers all the value he has created to the 'owner' and receives in return money (i.e., wages). In other boxes of the matrix, we can place such familiar types as petty producer (or 'middle peasant'), tenant farmer, sharecropper, peon, slave.

Of course there is another dimension which is part of the definition of each of the 'types'. There is the question of the degree to which performing the role in a particular fashion is accepted by the worker under the pressures of the market (which we cynically call 'free' labour) or because of the exigencies of some political machinery (which we more frankly call 'forced' or 'coerced' labour). A further issue is the length of the contract – by the day, the week, the year or for life. A third issue is whether the producer's relationship to a given owner could be transferred to another owner without the producer's assent.

The degree of constraint and the length of contract cross-cut the

mode of payment. For example, the *mita* in seventeenth-century Peru was wage-labour that was forced but of specified duration. Indentured labour was a form of labour in which the producer transferred all the value created, receiving in return largely goods. It was of limited duration. The peon transferred all value, received in theory money but in practice goods, and the contract was in theory annual but in practice lifetime. The difference between a peon and a slave was in the 'theory' to be sure, but in two respects in the practice. First, a landlord could 'sell' a slave but not usually a peon. Second, if an outsider gave money to a peon, he was legally able to terminate his 'contract'. This was not true for a slave.

I have not constructed a morphology for its own sake but to clarify some *processes* of the capitalist world-economy. There are great differences between the various forms of labour in terms of their economic and political implications.

Economically, I think it can be said, for all labour processes that can be supervised simply (that is, at minimal cost), wage labour is probably the most highly paid of the forms of labour. And therefore wherever possible, the receiver of surplus-value would prefer not to relate to the producer as a wage-earner but as something else. To be sure, labour processes that require more costly supervision are less costly if some of the surplus that would otherwise be spent on supervisory costs is turned back to the producer. The easiest way to do this is via wages and this is the historic (and ongoing) source of the wage system.

Since wages are a relatively costly mode of labour from the point of view of the bourgeoisie, it is easy to understand why wage labour has *never* been the exclusive, and until relatively recently not even the principal, form of labour in the capitalist world-economy.

Capitalism, however, has its contradictions. One basic one is that what is profitable in the short run is not necessarily what is profitable in the long run. The ability of the system as a whole to expand (necessary to maintain the rate of profit) regularly runs into the bottleneck of inadequate world demand. One of the ways this is overcome is by the social transformation of some productive processes from non-wage-labour to wage-labour processes. This tends to increase the portion of produced value the producer keeps and thereby to increase world demand. As a result, the overall world-wide *percentage* of wage-labour as a form of labour has been steadily increasing throughout the history of the capitalist world-economy. This is what is referred to usually as 'proletarianization'.

The form of labour also makes a great difference politically. For it can be argued that as real income of the producer rises, and as formal legal rights expand, it follows *up to a point* that proletarian class

consciousness expands. I say up to a point, because at a certain level of expansion of income and 'rights', the 'proletarian' becomes in reality a 'bourgeois', *living off the surplus-value of others*, and the most immediate effect of this is on class consciousness. The twentieth-century bureaucrat/professional is a clear instance of this qualitative shift, which is in fact sometimes visible in the life patterns of particular cohorts.

Even if this way of approaching the categories 'bourgeois' and 'proletarian' speak clearly to the role of 'peasants' or 'petty bourgeois' or 'new working class', what, one may ask, is its relevance for the 'national' question and for the concepts of 'core' and 'periphery'.

To speak to this, we have to look at a currently popular question, the role of the state in capitalism. The fundamental role of the state as an institution in the capitalist world-economy is to augment the advantage of some against others in the market – that is, to *reduce* the 'freedom' of the market. Everyone is in favour of this, as long as they are the beneficiaries of the 'distortion', and everyone opposed to the extent that they lose. It is all a matter of whose ox is being gored.

The modes of augmenting advantage are many. The state can transfer income by taking it from some and giving it to others. The state can restrict access to the market (of commodities or of labour) which favour those who thereby share in the oligopoly or oligopsony. The state can restrain persons from organizing to change the actions of the state. And, of course, the state can act not only within its jurisdiction but beyond it. This may be licit (the rules concerning transit over boundaries) or illicit (interference in the internal affairs of another state). Warfare is of course one of the mechanisms used.

What is crucial to perceive is that the state is a special kind of organization. Its 'sovereignty', a notion of the modern world, is the claim to the monopolization (regulation) of the legitimate use of force within its boundaries, and it is in a relatively strong position to interfere effectively with the flow of factors of production. Obviously also it is possible for particular social groups to alter advantage by altering state boundaries; hence both movements for secession (or autonomy) and movements for annexation (or federation).

It is this realistic ability of states to interfere with the flow of factors of production that provides the political underpinnings of the structural division of labour in the capitalist world-economy as a whole. Normal market considerations may account for recurring initial thrusts to specialization (natural or sociohistorical advantages in the production of one or another commodity), but it is the state system which encrusts, enforces and exaggerates the patterns, and it has regularly required the use of state machinery to revise the pattern of the world-wide division of labour.

Furthermore, the ability of states to interfere with flows becomes differentiated. That is, core states become stronger than peripheral states, and use this differential power to maintain a differential degree of interstate freedom of flow. Specifically, core states have historically arranged that world-wide and over time money and goods have flowed more 'freely' than labour. The reason for doing this is that core states have thereby received the advantages of 'unequal exchange'.

In effect, unequal exchange is simply a part of the world-wide process of the appropriation of surplus. We analyse falsely if we try to take literally the model of *one* proletarian relating to *one* bourgeois. In fact, the surplus-value that the producer creates passes through a series of persons and firms. It is therefore the case that *many* bourgeois *share* the surplus-value of *one* proletarian. The exact share of different groups in the chain (property owner, merchants, intermediate consumers) is subject to much historical change and is itself a principal analytical variable in the functioning of the capitalist world-economy.

This chain of the transfer of surplus-value frequently (often? almost always?) traverses national boundaries and, when it does, state operations intervene to tilt the sharing among bourgeois towards those bourgeois located in core states. This is unequal exchange, a mechanism in the overall process of the appropriation of surplus-value.

One of the sociogeographic consequences of this system is the uneven distribution of the bourgeoisie and proletariat in different states, core states containing a higher percentage nationally of bourgeois than peripheral states. In addition, there are systematic differences in *kinds* of bourgeois and proletarians located in the two zones. For example, the percentage of wage-earning proletarians is systematically higher in core states.

Since states are the primary arena of political conflict in a capitalist world-economy, and since the functioning of the world-economy is such that national class composition varies widely, it is easy to perceive why the politics of states differentially located in relation to the world-economy should be so dissimilar. It is also then easy to perceive that using the political machinery of a given state to change the social composition and world-economic function of national production does not *per se* change the capitalist world-system as such.

Obviously, however, these various national thrusts to a change in structural position (which we often misleadingly call 'development') do in fact affect – indeed in the long run do in fact transform – the world-system. But they do so via the intervening variable of their impact on world-wide class consciousness of the proletariat.

Core and periphery, then, are simply phrases to locate one crucial part of the system of surplus appropriation by the bourgeoisie. To over-

simplify, capitalism is a system in which the surplus-value of the proletarian is appropriated by the bourgeois. When this proletarian is located in a different country from this bourgeois, one of the mechanisms that has affected the process of appropriation is the manipulation of controlling flows over state boundaries. This results in patterns of 'uneven development' which are *summarized* in the concepts of core, semiperiphery and periphery. This is an intellectual tool to help analyse the multiple forms of class conflict in the capitalist world-economy.