

## **Capital and organization**

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Technobureaucratic capitalism is a mixed social formation where two relations of production are present: capital, the private property of the means of production, which is specific to capitalism, and the organization, which is the relation of production that defines managerialism or the technobureaucratic mode of production. Capital remains the basic form of ownership, but organization turns increasingly decisive as the strategic factor of production changes from capital to technical and administrative knowledge.

### **The concept of organization**

In the previous chapters, I argued for the rise of new major social class – the technobureaucracy or managerial class. If this is true, which is the respective relation of production and mode of production? In a 1977 paper, I proposed to call the new relation of production, “organization”.<sup>1</sup>, and the new mode of production, “managerialism” or “statism”. While capital is the private ownership of the means of production by the capitalists, organization is the collective ownership of means of production by the technobureaucracy. If since the early twentieth century the managerial class is rising, this means that the contemporary societies are not just capitalist, they are also technobureaucratic. Or, in other words, the modern social formations are mixed social formations, because it contains elements of “pure” capitalism and “pure” managerialism are present.

The basic difference between pure capitalism and pure managerialism as distinct modes of production is expressed in the nature of their respective relations of production. These can be better understood when the kind of ownership in each system is duly analyzed. Ownership, according to Marx, is the legal form in which relations of production present themselves. Modes of production are historical categories where the form of ownership or, more precisely, the relations of production defined by ownership, constitute its essential characteristics. Thus, to each kind of property corresponds the respective mode of production. These arguments stand out clearly in the *Grundrisse* (1858) where pre-capitalist formations are analyzed. Each type of ownership corresponds both to relations of production and to different social classes. The bourgeoisie is the dominant class in a capitalist society and capitalist property is the private ownership of capital by the bourgeoisie.

Managerialism is the mode of production where the managers owned collectively the organization, as capitalism is the mode of production where capitalists own individually the means of production. We may say that the means of production are owned by the state so that we can define this relationship as state property. But the state is a normative and organizational institution, it is the law and the apparatus that guarantees it. Thus, in pure managerialism, the state apparatus would be controlled by the new class, the technobureaucratic class, which interests it serves. Technobureaucrats would control collectively the state including the state apparatus; to the rise of the new class of managers corresponds a new relation of production – the organization. The top technobureaucracy controls the means of production by filling the more strategic administrative positions in the state apparatus including the state-owned enterprises. The technobureaucratic relations of production are fundamentally different from capitalist ones because, in managerialism, means of production are collectively owned by the managers that control the state, whereas in capitalism they are owned individually by the bourgeoisie – originally the business entrepreneurs and later on, the rentier capitalists.

When and if capital is eliminated by the nationalization of the means of production, capitalism disappears, and managerialism takes its place, but the disappearance of private property does not necessarily imply socialism.<sup>2</sup> Managerialism basically signifies the transfer of power from the bourgeoisie to the technobureaucratic class. The change of ruling class is not an isolated super-structural phenomenon, but the outcome of deep transformations in the relations of production within society. The country that got most near managerialism was the Soviet Union. First, there was a socialist revolution, which soon proved unmanageable. The alternative was a form of managerialism – statism – which was successful while the problem was establishing the economic infrastructure and the heavy industry, but after that it proved eventually unable to coordinate efficiently complex and sophisticated production activities.

The technobureaucrat is a type of expert who manages private or public bureaucratic organizations. The bureaucrat's own existence and power are dependent upon the bureaucratic organization, which rise with the technobureaucracy in the historical context of the Organizational Revolution in which the organizations substituted the family enterprises in the process of capitalist production. Bureaucratic or semi-bureaucratic organizations first appeared under patrimonial control, and they are an essential part of capitalism. It is essential to point out that in managerialism the bureaucratic organization emerges as a necessary intermediary between managers and the instruments of production. In contrast to what happened in classical nineteenth century capitalism, where the capitalist directly owned the means of production, that is, capital, without mediation, in managerialism the technobureaucrat owns not the means of production but the bureaucratic organization itself.<sup>3</sup> It is the bureaucratic organization that owns the means of production, the raw materials and the working capital necessary to create jobs, manufacture goods and deliver services. Moreover, the managers' ownership, that is, their effective control over the organization, is not exercised individually as in classic capitalism, but collectively, by a group of managers. Within this framework, when and if the technobureaucratic mode of production prevails, the technobureaucratic class takes control over the largest bureaucratic organization of all, the state, which encompasses all others, organizational property becomes state property, and the mode of production turns managerial. There were historically other kinds of collective property, such as the common property in primitive societies, the Asiatic property or slavery property where a traditional state governs autocratically, the feudal property, and the ancient régime or patrimonial property, which was dominant in Europe, from the sixteenth to the eighteenth century, in the transition from feudalism to capitalism in Europe.

While the logic of capital is the logic of profit and accumulation, the logic of the organization is expansion and the occupation of positions in the state apparatus and the private corporations. The two classes and the two corresponding relations of production are in conflict for power and for the appropriation of the economic surplus, which, in capitalism, is the profit, and in managerialism, are the high salaries and bonus. They are in conflict, but they know that they are interdependent, and, so, they share power and profits, the technobureaucrats more oriented to power and to enlarging the bureaucratic organization, the capitalists, to profit and to luxury consumption. Whereas the capitalist's *raison d'être* is to accumulate capital and extract more surplus value, the technobureaucrat's basic motivation is to expand the organization.

The organization is an *abstract-concrete* reality, is a web of relations between people and things formally established according to the rational criterion of economic efficiency, is an arena for labor, and a power platform for managers. Marx taught that the foundation on which the capitalist mode of production rests is capital and a reified and fetishized commodity, transformed into a phantasmagoric object. In the case of the technobureaucratic mode of production, its foundation lies in organizational and legal-rational *authority*. Authority, as it happens with commodity, is transformed into a fetish, despite all its pretense of rationality. Technobureaucratic alienation is fundamentally an alienation to formal authority. The worker in the capitalist mode of production is alienated from his instruments of labor, from his own labor, and from its fruits, because his labor was transformed into a commodity; the workers and the salaried classes in the managerial mode of production are alienated from his own intelligence and individual abilities because his work is submitted to bureaucratic and fetishized authority. His labor is no longer a commodity but rather a productive input to be used in the logistic of production. His alienation is founded on the fetish-like nature of authority, which, combined with a system of incentives and sanctions, leads the subordinate to obey the boss. It is significant to observe that this bureaucratic alienation involves not only the workers but also the salaried classes. They are also victims of the fetishist nature of authority, to the extent they obey without knowing why, accepting even irrational superior authority as long as it is "rationally", i.e., legally, formally, defined.

I originally called "organization" the relation of production specific to the technobureaucratic class and managerialism in a 1977 paper, "Notes of introduction to the technobureaucratic or statist mode of production". In 2007 I was happily surprised when I read two distinguished French Marxists, Jacques Bidet and Gérard Duménil (2007: 64), to use organization as a "means of regulation" proper to managerialism, as the market regulates capitalism. Capitalism experienced a renovation after Marx that "was supported by devices of organization" which were able to overcome capitalism's anarchy and form organized or managerial capitalism. Our two authors continue: "with the managerial revolution in the US, the ownership of capital under the form of financial capital was separated from its management" which was delegated to the professional managers (p.71). Thus, organization is for the technobureaucracy what capital for the bourgeoisie is. Yet, they understand that "the organization is an ambiguous reality, and, so, they propose that the social relation or production parallel to capital is called "managerial relation" (p.95). More recently, Duménil and Levy (2018) published the book, *Managerial Capitalism: Ownership, Management and the Coming New Mode of Production*, which, as the title already makes clear, adopts positions very near mines in relation to the managerial mode of production and the organization.

## **Statism and Soviet Union**

Given that technobureaucracy is a social class, and organization, its relation of production, we must have the corresponding mode of production. I call it managerialism or technobureaucratic mode of production. As to the countries in which this form of social organization became fully dominant, Soviet Union was the paradigmatic case, the country where the social formation was almost entirely technobureaucratic or statist. The Soviet system was also referred to as 'state socialism', or 'state capitalism', but these two terms only muddy the waters. Resnick and Wolf (2002), for example, view the Soviet Union as a case of state capitalism, but a capitalism without capital or the private property of the means of production, without a national market and the appropriation of the economic surplus through the mechanism of the plus-value or the realization of profits makes little sense.<sup>4</sup> The term statism, which I have been using since the 1970s to qualify the Soviet Union and the other "communist" countries indicates that such societies are not either capitalist, or socialist, but societies where a new mode of production is dominant turned dominant – a new form of social organization whose economy is coordinated by the state and the plan, not by the state and the market as is the case of capitalism. In Soviet Union, China and Cuba there was a socialist revolution, but soon it became clear to that the respective societies were not ready to socialism, and the only alternative left to the revolutionaries, who could not restore the private property of the means of production, was to change to statism.

Socialism implies a classless society, where the means of production are collectively owned, and where the state would disappear with the advent of communism. In socialism, if the state does not disappear, it would not serve as an instrument for the domination of either the bourgeoisie or the technobureaucracy. It is a radically egalitarian and democratic society where all have equal participation in the economic surplus and in governing of society. Human rights would be fully respected; labor would cease to be a commodity; production would not geared towards producing goods for their exchange value or towards guaranteeing the power of a ruling class, but rather to satisfy human needs. Socialism has not yet become a reality anywhere. In the countries that proclaimed themselves to be socialist, none of these characteristics prevailed, even in Cuba that I believe has been the society that got nearest to socialism. The common trait in the socialist and in the technobureaucratic social organizations is collective property. But the similarity immediately fades away when one realizes that in the Soviet model, property of the means of production is the organization, which belongs collectively to managerial class whereas in a socialist society ownership is shared among all its members. It is easier to find socialist characteristics in capitalist countries where social-democrat political parties have governed for a long time, but even the more socially advanced capitalist economies are far from socialism.

The statist social formations lacked Schumpeterian entrepreneurs, creative and innovative individuals able to find new investment opportunities and profit from them, but industrialization was initially successful. A group of technobureaucrats occupying the state apparatus was able to act as capitalists in accumulating the means of production. As opposed to the previous historical facts, in this case the state did not limit itself to stimulating and guiding the process of industrialization. Through its bureaucracy, the state was directly responsible for the process of economic development. Following this line, Soviet Union and the other statist countries were able to promote rapid industrialization through forced savings and economic planning. When, after Second World War, it became clear to all nations that economic development was desirable and possible, and that the takeoff of capitalist industrialization depended on the conjunction of many aleatory variables, and when Soviet industrialization proved initially successful, a new and eventually attractive road to economic development was open.

Initially the Soviet Union's experience in economic planning and industrial development was successful. It demonstrated two things: (1) that deliberated industrialization was possible, so that it was *not* necessary to wait for a conjunction of favorable circumstances (a previous agricultural revolution, the primitive accumulation of capital in the hands of a group of mercantile capitalists, the capacity and motivation of this group of capitalist to turn themselves into industrial entrepreneurs, the existence of an internal market, the opportunity to reach external markets); and (2) that this industrialization could be conducted by a group of bureaucrats or technocrats who had control over the state. But the Soviet strategy of industrialization was more efficient than the developmental strategy adopted in all capitalist countries only during the phases of primitive accumulation and of industrial revolution or the take-off. Finally proved not viable as a long-term form of organizing or coordinating society. A group of professionals occupying the state apparatus was able to act as capitalists in accumulating the means of production. In this case, the state did not limit itself to stimulating and guiding the process of industrialization. Soviet Union and the other statist countries were able to promote rapid industrialization through forced savings and economic planning. Rudolf Bahro gave special emphasis to the industrializing strategy of Soviet Union. As he said,

The specific task of these revolutions is the restructuring of the pre-capitalist countries for their own road to industrialization, the non-capitalist one that involves a different social formation from that of the European road (1978: 126)

For him, the political repression in actually existing socialism was the result of the industrial underdevelopment prevailing in these countries. The state was supposed to be authoritarian and bureaucratic, given the fact that the objective to be achieved is rapid industrialization (1978: 127-128). The Soviet Union's experience in economic planning and industrial development demonstrated two things: (1) that deliberated industrialization was possible, so that it was not necessary to wait for a conjunction of favorable circumstances (a previous agricultural revolution, the primitive accumulation of capital in the hands of a group of mercantile capitalists, the capacity and motivation of this group of capitalist to turn themselves into industrial entrepreneurs, the existence of an internal market, the opportunity to reach external markets); and (2) that this industrialization could be conducted by a group of bureaucrats or technocrats who had control over the state. Yet, the Soviet strategy of industrialization did not prove to be more efficient than the classical capitalist strategy, or the mixed strategy, initially state oriented and then capitalist controlled. On the contrary, from around 1970 economic growth and the improvement of the standards living stagnated in Soviet Union. Some Eastern European countries, particularly Poland, Hungary and Yugoslavia, were caught up by the debt foreign crisis of the 1980s. It was not a coincidence that the 1989 democratic revolution in Eastern Europe began in two highly indebted countries: Poland and Hungary.

The expression "existing socialism" often, which was often used to designate the Soviet or communist type of social formation does not make sense. The Soviet Union and China were statist social formations, where the statist or technobureaucratic mode of production is dominant. They are not market economies, or planned economies, because not surprisingly the scope of planning proved quite limited in these countries. They are rather command economies, or, as Jacques Sapir (1990) suggested, they are "mobilized economies", that work well as long as they are able to function as war economies. The writings about the Soviet Union before perestroika and glasnost make it possible to define four alternative theories about the nature of the social formation prevailing in countries like the Soviet Union and China:

(1) The socialist theory: existing socialism is real socialism, is a transitional phase to communism (Stalin, official Soviet theory, David Laibman).

(2) The state-capitalist theory: existing socialism maintains the basic characteristics of capitalism (a wage labor force, for instance), the social formation continues to be a class society, in which the dominant class is the state-bourgeoisie (Karl Kautsky (1919), Charles Bettelheim (1974, 1986), Tony Cliff (1974).

(3) The bureaucratic degeneration theory of the transition to socialism: existing socialism is an effective step in the direction of socialism which was degenerated or betrayed by a state bureaucracy, which is not a new class but a "caste", a "stratum", or a "privileged group" (Trotsky (1927), Ernest Mandel (1989), Rudolf Bahro (1978), Paul Bellis (1979).

(4) The manifestation of a new mode of production: the theory I develop systematically in this book, whose origins are in the works of Bruno Rizzi (1939), James Burnham (1939), Max Shachtman (1962), Cornelius Castoriadis (1949) and Milovan Djilas (1975).

The first two theories are not worth discussing. The non-socialist character of existing socialism is self evident. It is an authoritarian regime, based on the statization of the economy, and characterized by political privilege based on the hierarchical position each person holds in the state bureaucracy. Only a strong need for political legitimation can explain calling this type of social formation socialist, or even a transition to socialism. As the Hungarian philosopher Mihaly Vadja (1981: 144) said about existing socialism:

This form of society is no longer capitalism, nor can it be termed socialism... There does not exist a state which could 'bring in' socialism: such an idea contradicts the very essence of socialism, for socialism, not as a state of affairs but as a movement of society, means human self-determination and implies a radical restructuring, not a repolitization, of civil society.

Surprisingly, a contemporary Marxist like David Laibman must be included in those supporting socialist theory. After refuting the state-capitalist theory, and admitting that the "exploitative bureaucracy hypothesis is better off," he says that evidence on the class background of the occupants of administrative posts does support the concept of a self-reproducing elite"; but as Laibman is not able to see new relations of productions in the Soviet Union that were not forecast by Marx "unless one succumbs to the illusion that power resides in the 'office' itself", he concludes that "the evidence, then, when evaluated in a consistent Marxist way, appears to be at least consistent with the view that the Soviet social formation is socialist" (1978: 31-33). It is certainly always possible to say that what is found in the Soviet Union is a transition to socialism, but this means nothing. Capitalism also would be a "transition" from feudalism to socialism. On the other hand, since perestroika and the reforms in Eastern Europe represent a direct rejection of statism, how can it be called "existing socialism" or even "a transition to socialism"?

**The state-capitalist theory.** The state-capitalist theory commits the opposite mistake. All basic traits of capitalism have been destroyed in existing socialism (private property, private appropriation of surplus value, the profit motive, market control, etc.) and yet some Marxists and the majority of non-Marxist critics of the Soviet Union insist in calling the bureaucracy a "state-bourgeoisie". This position, that may be identified with Bettelheim, although loosely espoused by many others, can only be sustained if one is not acquainted with Marx's classical conception of capitalism. Otherwise it is untenable. In the words of Lucio Lombardo Radice:

Bettelheim's position, like that of so many others, is based on a series of linguistic abuses that makes it propagandistically rather than effective, but scientifically inconsistent. Privilege becomes 'profit', state functionaries who direct a whole state economy become the 'bourgeoisie', state socialism becomes state 'capitalism' (1980: 140).

If the question were simply that of a name, state capitalism signifying a mode of production where the technobureaucratic class (or state bourgeoisie) controls instruments of production through bureaucratic domination, I would have no objection. I would merely observe that the expression state capitalism was being used incorrectly. The use of this expression, however, reveals a basic inability to define the Soviet state. In its original meaning, this term was used very differently by Lenin<sup>5</sup>. State capitalism was understood as the capitalist system of the large private enterprises where the state exercised strong control. Lenin (1918) used Germany of the Junkers and of Bismarck as a model for state capitalism. In order to characterize contemporary capitalism, I am using the expression professionals' capitalism in order to emphasize the role of the new class. On the other hand, statism, or the technobureaucratic mode of production, seems to be a much more appropriate term to describe the phenomenon presently analyzed. The expression "state bourgeoisie" which Charles Bettelheim uses to characterize the betrayal of the socialist revolution in the Soviet Union is clearly inadequate.<sup>6</sup> The bourgeoisie is a historically well-defined and established social class. I could use the term state capitalism if I wanted to show that the Soviet Union is a society where the capitalist mode of production is dominant. But this would be a capitalism with no bourgeois capitalist class, no private ownership of instruments of production, no private appropriation of surplus through profit, no economic coordination through the market... In synthesis, it would be a capitalist mode of production with neither capitalists nor capitalist relations of production.

Another curious idea is that in a system like the Soviet one, the "state bourgeoisie" would function at the top level of the system and appropriate the majority of its benefits, whereas the bureaucracy would serve this state bourgeoisie. The only merit this theory has is that it reminds us that professionals are hierarchically organized. There are professionals on various levels of the bureaucratic pyramid, but there is no reason to make a qualitative distinction among them.

**The bureaucratic degeneration theory.** The main advocate of the theory of the bureaucratic degeneration of the transition to socialism was Trotsky. As early as 1927, he was criticizing the bureaucratization of Soviet society. For him, "the question of Soviet bureaucratism is not only a question of red tape and swollen staffs. At bottom, it is a question of the class role played by the bureaucracy" (1927: 58). However, Trotsky never took this analysis to the end. On the contrary, as he was always hoping that a political (not a social) revolution would overthrow the ruling bureaucracy, he insisted in calling the Soviet Union a "worker's state", and on seeing the bureaucracy either as a caste or as a stratum (1) that caused the degeneration of the socialist revolution, (2) that expropriated the proletariat, (3) that assumed the role of the "owner" of the state, (4) that enjoyed privileges under the form of abuse of power, but, nevertheless, and (5) that acted as guardian of the socialist relations of production established by the October Revolution.

All of Trotsky's followers and most of his critics, including those who wanted to develop a theory of a new mode of production, were not able to solve the contradictions intrinsic to Trotsky's basic position. The first proponents of a new mode of production, such as Rizzi, Burnham, Shachtman and Castoriadis, were former followers of Trotsky. They rejected the "worker's state" thesis, and eventually abandoned Marxism to become fierce critics of the Soviet Union. However, as long as they remained Marxists or neo-Marxists, they were not able to develop an effective theory of the new mode of production. Others, such as Paul Sweezy, who was not a Trotskyist, went as far as finally recognizing the class character of the Soviet bureaucracy (1980). Although Rudolf Bahro, on the other hand, spoke of a specific social formation and related it to the Asiatic mode of production, he limited himself to defining it as "proto-socialist" (1978: 161), along a line not far from Trotsky's. A very interesting contribution to the definition of the nature

of existing socialism was made by Umberto Melotti (1977), but his rigid parallelism of capitalism and "bureaucratic collectivism" cannot be accepted. In Chapter 6, I will discuss the Soviet and Chinese experiences: how socialism failed to materialize in these countries, and they, first, changed into statist, and, second, into capitalist societies.

### **The changing concept of capital**

To Marx, capital is a relation of production which was born historically when workers were separated from the instruments of production by the bourgeoisie. This major change, which was at the core of the Capitalist Revolution, gave rise to capitalism. Marx often assumed a "pure" capitalist mode of production when he was thinking in abstract terms. The same we can do in relation to statism. But we must be careful in relation to "pure" modes of production, because Marx reasoning is essentially historical, and in history there was never a pure capitalist mode of production, much less a pure statist mode of production. In any circumstance, capital has proved to be the dominant relation of production for long in many societies, while statism was short lived (it resists only in Cuba and North Korea) and technobureaucratic relations of production are present and strong in technobureaucratic capitalism but remains secondary in relation to capital.

In technobureaucratic capitalism the concept and measurement of capital changed. I am not referring to the complex and inconclusive discussion of the 1960s between the two Cambridges on the value of capital. Economics, in such debates, have got near metaphysics – an approach that does not fit my more historical and pragmatic concerns. I refer to the financial value of capital; to the value of business enterprises as they are evaluated by financiers.

In the times of industrial capitalism, up to mid twentieth century, the capital of a business enterprise was measured by its net worth as it was identified in the balance sheet. Some corrections could be made, the value of intangible assets could be considered, the accounting valuation of given capital goods could be adjusted, but, eventually, the value of the enterprise was the sum of total assets less liabilities. While physical capital was the strategic factor of production, measuring the value of a business enterprise by its accountable net worth or by its cash flow return on investment, both measures were relatively equivalent, in so far as one could assume that in normal conditions, given the tendency to equalization of profit rates (probably, together with the law of supply and demand, the two foundations of economics, independently of the school of thought), the outcome would be approximately the same.

Marx defined capital as a relation of production which grew out of workers' separation from the means of production and their private property by the bourgeoisie. In this definition, the ownership by the capitalist class is essential. If we don't consider this constraint, "capital" would have been present in the Soviet social formation and would lose historical significance. Capital would be defined in a so high level of abstraction that it would be an empty concept void of historical content. Since Marx defined capital, it was clear that it should not be confused with the means of production or with capital goods. Capital is the *property* of the means of production. Within this broad definition, however, the measure of capital has been changing through time. I am not referring to the complex and inconclusive discussion of the 1960s between the two Cambridges on the value of capital. Economics, in such debates, have got near metaphysics – an approach that does not fit my more historical and pragmatic concerns. I refer to the financial value of capital; to the value of business enterprises as they are evaluated.

For the first classical economists, capital was *circulating* capital, was essentially the capacity to hire workers by paying them before the result of their labor could be sold in the market. For Marx as well as for neoclassical and Keynesian economists, who lived in a time where fixed capital had become the dominating factor, while pre-paid wages ceased to be required due to the increase in the standards of living, capital was principally the ownership of plant and equipment. In recent times, when software prevails over hardware, and when operational knowledge becomes the strategic factor of production in the corporations displacing capital goods, capital is the *capacity* of the company to achieve profits in the present and next future; it is the discounted profits that the corporation is supposed to realize, which, in principle, is equal to the market value in the stock exchange.

Is this definition of capital as the capacity of the corporation to realize profits just an improvement of methods of analysis, or is there a historical new fact that prompted such change? I suggest that there is a relation between this change in the form of measuring capital and the theory of technobureaucratic capitalism. First, the knowledge embodied in its personnel, in its software, and in the organization itself is, today, the most important asset of corporations. Thus, it makes no sense to measure the value of a company by its net worth. Second, after managerial knowledge became strategic, financial market analysts verify every day that the value of a corporation varies dramatically according to the *quality* of its management. A new chief executive officer or a more competent, or an incompetent group of executives running a corporation may change its flow of profits dramatically in a relatively short period. In this circumstance, the old net worth concept stops making sense, while the discounted flow of profits turns the only rational alternative. Thus, the flow of profits of a corporation depends heavily on the quality of its top management, and, so, the value of capital depends on the organization and its chief executives.

As the remuneration of top technobureaucrats in the form of salaries, bonuses and stock options, depends on the profits and the value of the corporation in the financial market, to forge good results is a temptation to which many are unable to resist. It perversely explains why abuse and corruption, particularly in the form of fake accounting statements, as it happened with Enron, became so common in contemporary technobureaucratic capitalism, leading Galbraith to speak ironically about “the economics of innocent fraud” – the title of his last book (2004). On the other hand, this strategic role of top management, coupled with a still limited supply of highly capable managers, despite the enormous increase of graduate courses in business administration and correlated areas, and the striking acceleration of technical progress embodied in the digital information technology, also explain the concentration of income that characterizes contemporary capitalist economies since mid 1970s.

Besides changing the way of measuring capital, technobureaucratic or knowledge capitalism opened room for the definition of a new type of “capital” – human capital. The two neoclassical economists who formulated this theory (Schultz, 1961, 1980; Becker, 1962, 1964), assured themselves the Nobel Prize in Economics. And they merited it, because, instead of just using the hypothetical-deductive method, they acknowledged the existence of a new historical fact: that knowledge had become similar to physical capital, and that the investment in education is how individuals ‘accumulate’ such asset and from it derive earnings or returns. What they did not stress was that the education of many individuals, the generalization of education to a whole society, brings positives externalities, bring up spillovers and crossovers that open room for innovation and increase in efficiency at social level, in such a way that the total human capital created is greater than the sum of the capitals accumulated by each individual.

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<sup>1</sup> Bresser-Pereira (1977).

<sup>2</sup> Cornelius Castoriadis points out that "nationalized property has socialist meaning only when the proletariat is the ruling class" (1949: 227). Herbert Marcuse has a convergent position on the subject: "Nationalization, the abolition of private property in the means of production, does not, by itself, constitute an essential distinction as long as production is centralized and controlled over and above the population" (1958: 81). It should be noted that both Castoriadis and Marcuse are trying to distinguish nationalization from socialism. The responsibility of defining a new mode of production is mine.

<sup>3</sup> It should be noted that the corporation made up of an increasing number of stockholders separated from control of the means of production by private bureaucratic organizations already constitutes a significant phenomenon defining a mixed social formation such as that of state monopoly capitalism.

<sup>4</sup> A curious aspect of the Resnick & Wolfe's book is that its first part is dedicated to "communism", and its second part to "state capitalist", with no room for socialism. For them Soviet Union was a case of state capitalism because, as it happens in "private capitalism", a dominant class appropriates the economic surplus.

<sup>5</sup> – See the critical view of Leôncio Martins Rodrigues and Octaviano de Fiore (1976) on Lenin's vision of state capitalism and of the bureaucracy in statism.

<sup>6</sup> Charles Bettelheim defines the state bourgeoisie as follows: "The concept of a 'State bourgeoisie' (or State bureaucratic bourgeoisie) cannot be expanded here. It will merely say that it refers to those agents of social reproduction, rather than the immediate producers, who, by virtue of the existing system of social relations and prevailing social practice, have de facto at their disposition the means of production and their products which, formally speaking, belong to the state" (1974: 53-54, note 52). The author introduced this expression previously (1970: 22 and 64).