

# Theories of the New Class

# Contradictions

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# Theories of the New Class

## Intellectuals and Power

Lawrence Peter King and Iván Szelényi

Contradictions, Volume 20



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# Preface

The purpose of this book is to tell the history of the idea of the “New Class” as a history of—so far always unsuccessful, but while pursued not necessarily unviable—“power plays” or even “class projects” by various fractions of intellectuals.

The term “New Class” was coined by the anarchist Bakunin around 1870. Bakunin accused Marx of advancing a theory that was actually a project by the intelligentsia to exploit the working-class movement. By pretending to represent working-class interests, intellectuals sought to establish themselves as a new dominant class after the fall of capitalism and the propertied bourgeoisie. History did not follow Bakunin’s forecast: while intellectuals in the first Marxist-inspired revolution, the Russian Revolution of 1917, did play a formidable role, soon after their victory not only were they squeezed out of power positions by the Stalinist bureaucracies, but many of them perished in the Gulag.

Future generations of New Class theorists, however, were not discouraged by this historically falsified prediction. Repeatedly during the twentieth century, social theorists came forward with new scenarios in which the propertied bourgeoisie eventually would lose power. These theorists argued that while the working class was an unlikely candidate to replace the bourgeoisie, different fractions of intellectuals,

bureaucrats, technocrats, managers, and left-wing humanistic intellectuals would be likely to grab that power.

Frederick Taylor was the first New Class theorist in the West. When he formulated the idea of scientific management at the end of the nineteenth century, the concept arguably represented a rather radical project by university-trained engineers to remove owners and financiers from the command positions of corporations and replace them with scientifically trained personnel. During the early twentieth century these radical engineers inspired Thorstein Veblen to consider the possibility of “Soviets of engineers” as the force for postcapitalism in the United States. Similarly, during the 1960s there were enough radical humanistic intellectuals taking an anticapitalist and anti-individualist stance to be considered a political force to reckon with. None of these projects resulted, however, in any fundamental change of power structure of capitalist societies, and none of these actors succeeded in constituting themselves as a class, certainly not as a new dominant class.

During the late nineteenth century and during the whole of the twentieth century, no new dominant class emerged; the bourgeoisie retained its position of hegemony. Where capitalism became fully established, intellectuals were effectively co-opted by the bourgeoisie, and transformed themselves into professionals. Thus engineers and managers learned how to manage capitalism efficiently, and by the end of the century they learned from Irving Kristol to salute capitalism with, in that author’s terms, “two cheers.” The radical humanistic intellectuals of the 1960s were quickly marginalized and some even turned into yuppies, discovering a good side of capitalism. The most recent blow to New Class theory occurred in 1989: after the fall of bureaucratic communism, which was at least in part caused by the activity of dissident intelligentsia and technocrats, intellectuals did not establish a postcapitalist social order in which they were dominant; rather, they accepted the vanguard role of making capitalism on the ruins of socialism.

What is the point in studying an idea that has so far produced only systematically false predictions? We believe there are at least three good reasons to do so.

First, the fact that the projects pursued by different segments of intellectuals to collectively occupy major positions of authority failed, does not mean that such projects did not exist. What if intellectuals are

guilty as charged by New Class theories—only they failed to achieve their aims?

Second, intellectuals like to think of themselves as ironic, and they are. They are also prone to lose the wit of their irony, when it comes to self-reflection. Intellectuals who demonstrate a superb sense of irony in writing about other social actors often turn pathetic when analyzing themselves or fellow intellectuals. Too often theories about intellectuals present knowledge producers as altruistic, as a social category standing outside the major cleavages of society, as a set of people who articulate the interests of others, but not their own. If there are or have been self-serving power projects by intellectuals, one has to be rather innovative to spot these plans, since normally they will be hidden within ideological self-portraits. It may be worth overstating our case; enlarging a picture may be a good strategy to find what is meant to be well-hidden.

Third, while the main assertion of this book is that no fraction of the intelligentsia—much less the intelligentsia as a whole—succeeded in establishing itself as a new dominant class anywhere, over the past century, the balance of power among social actors has nonetheless shifted and some types of intellectuals are the clear beneficiaries of this change. In Eastern Europe, intellectuals have played a prominent role in bringing communism down. After the fall of state socialism they undoubtedly filled the power vacuum created by the disintegration of the old communist bureaucratic ruling estate, a vacuum that, in the absence of a propertied bourgeoisie, could only be occupied by intellectuals. Now, East European technocrats in alliance with former dissident intellectuals are busy making capitalism from above, enlisting the help of foreign capitalists. It remains to be seen what kind of capitalism will be the end result of their labor and what sort of positions they will be able to secure for themselves.

In the advanced West, no fraction of the intelligentsia plays such a prominent role in society. However, with the globalization of economies and politics, some intellectuals, in particular members of the technocracy, and especially supranational governmental technocrats, have been gaining more clout and relative autonomy from the owners of capital. If the New Deal of the 1930s, and similar social democratic policies, were built on a compromise between domestic capital and labor, any similar new social contract may have to stand on three legs

rather than just two. If there is to be a New New Deal, it probably has to be made among capital, labor, and the new technostructure.

In the East as well as in the West, intellectuals eventually may be ready to confront themselves and acknowledge their own interests, to dare speak with their own voices rather than feel obliged to present themselves as speaking on someone else's behalf. We believe the history of the New Class will come to an end when we arrive at this brave new world. To put it bluntly: a tour around the history of the idea of the New Class may serve the purpose of some sort of collective psychotherapy for modern intellectuals. It may confront them with their most secret and suppressed desires of the past, and make them more comfortable operating in the real world.

## *Introduction*

# Intellectuals and the End of History

The collapse of Communism in Russia and Eastern Europe was a moment of such obvious historical importance that Francis Fukuyama (1989) was able to advance his now-famous thesis that this change was inevitable, given the existence of a world-historical, evolutionary trend toward liberal capitalism. In this view, liberal capitalism is the “end of history,” the most rational and enlightened way of organizing society. With the death of communism, Fukuyama makes clear, the hopes that the working class will unseat the bourgeoisie fade into the past. The “end of history” thesis, however, also directly challenges another body of theories that predict that the rule of the bourgeoisie will indeed pass. These theorists agree with Marxists that a new class will replace the bourgeoisie, only they identify intellectuals and not workers as this new dominant class.

We believe that a comprehensive and holistic appraisal of these New Class and related theories, an appraisal that combines a history of ideas and a sociology of knowledge, is necessary to fully evaluate the “end of history” hypothesis. First we put New Class theories into a broader historical framework and show that the idea of the New Class over the last century has been stubbornly re-entering the agenda of critical social theorizing. Our key hypothesis is that the last century can be interpreted as a history of projects by different groups of the

highly educated to gain ultimate power. Up to now, all these projects failed, but the projects were real and there is no reason to believe that we have seen the last such attempt.

Second, while indeed there is good reason to be skeptical whether the New Class is a *class* at all, the application of the method of class analysis to intellectuals—or, to put it more generally, to those who have claims for power and privilege based on the grounds of knowledge monopoly—is at least insightful. New Class theorists since Bakunin repeatedly reminded social scientists to subject the power–knowledge link to critical scrutiny. New Class theorists were the first to emphasize that knowledge could and should not be understood simply as an epiphenomenon of power; knowledge can be the source of power too. In this sense New Class theorizing addresses one of the questions at the core of social theory since the 1980s: the relationship between knowledge and power.

By analyzing these theories and placing them in historical context, we by necessity provide a historical account of the transformations of the social structures of capitalist and socialist societies. This allows us to evaluate Fukuyama’s claims that the fall of socialism was inevitable and that liberal capitalism is the “last social formation” or the “end of history.” We will argue that socialism’s fall was not inevitable, but must be understood above all as the product of struggles among groups of New Class actors such as technocrats, managers, bureaucrats, and humanistic intellectuals. Moreover, our analysis will suggest that, by the time Fukuyama and others have declared liberal capitalism the ultimate victor in history, the neoliberal state so admired by Fukuyama is already in a profound crisis. This crisis is partly a result of not coming to terms with the changes in the structure of advanced capitalism that have indeed created New Class actors who must be involved with any renegotiation of power between labor and capital. We believe that finding a solution to the crisis of advanced capitalism necessitates a clear understanding of the place of intellectuals in the structure of Western society.

## New Class Theories: Definitions and Social-Theoretical Relevance

The term “New Class” was coined by Michail Bakunin around 1870 in his book *The Knoto-Germanic Empire and the Social Revolution*. In analyzing the possible social consequences of the Marxist scenario

of socialism, he wrote: "There will be . . . an extremely complex government, which will not content itself with governing and administering the masses politically, as all governments do today, but which will also administer them economically. . . . All that will demand an immense knowledge. . . . It will be the reign of scientific intelligence, the most aristocratic, despotic, arrogant and contemptuous of all regimes. There will be a new class, a new hierarchy of real and pretended scientists and scholars, and the world will be divided into a minority ruling in the name of knowledge and the immense ignorant majority" (Bakunin 1966, 80–97). The idea of this New Class, the possibility or the danger of a postcapitalist class society, in which domination is based not on ownership of wealth but on monopoly of knowledge, has haunted the social sciences ever since.

The term "New Class theory" describes a variety of approaches. In our search to provide an all-encompassing definition of New Class theory, we found only two points that New Class theorists tend to agree upon: (1) Marx was correct in predicting that the class rule of the bourgeoisie under capitalism will not last forever; but (2) Marx was incorrect in hoping that the formation that will follow capitalism will be either classless or the "dictatorship of the proletariat." All New Class theorists claim that postcapitalist society will be a new class society in which a new class, other than the proletarian, will rule. But beyond this claim there may be no common ground for New Class theorists; the history of New Class theories is a history of political and theoretical controversies.

After a century of prolific debate, New Class theorizing is still in shambles. New Class theorists are unable to agree as to who would be the likely candidate for the new dominant class position: bureaucrats, technocrats, engineers, managers, or what Alvin Gouldner calls the "critical, counter-cultural, adversary-culture intellectuals." On what grounds will the New Class rule? Will it be on the basis of its bureaucratic position within the state, or by knowledge monopoly? What type of knowledge will those agents most likely to form the New Class need: technocratic or teleocratic, technical or theoretical? In what kind of society will the New Class become dominant: state capitalist, socialist, or bureaucratic collectivist? Where is the New Class more likely to emerge: in Soviet-type societies, in the West, or in both systems simultaneously? Will this New Class be progressive, "our best card in history" (Gouldner 1979), or will it be the most despotic of all dominant

classes? Is the New Class a “class” at all, or rather it is an “estate,” a dominant “group” (Feher et al. 1983), “officialdom” (Bauman 1974) or a “new priesthood”? (Schelsky 1974).

Different theorists have come forward with diametrically opposed answers to these questions. To make matters difficult, they have given little guidance as to what sort of empirical evidence we need to test these claims. How can we know whether the New Class is or is not in the making? What sort of evidence do we need to decide whether the formation of such a class progressed more in what used to be the socialist East, in the capitalist West, in social-democratic Sweden, in the technocratic United States, or in postcommunist Eastern Europe or Russia? When will we know that the New Class has succeeded to unseat the old dominant class? When can we decide that it has failed to do so and that we should therefore forget about the New Class project altogether?

In this book, we attempt to move towards a synthesis of previous New Class theories and to develop a research agenda to assess, in a comparative framework, how far advanced the formation of the New Class is in different national and historical settings. Again, to avoid pre-empting the crucial question of the “classness” of the New Class, we may pose our research question this way: what are the indications, if any, that a new type of domination, based on monopoly of knowledge, is challenging or replacing domination based on ownership of wealth or on bureaucratic position?

Despite the warnings of Daniel Bell and Dennis Wrong, we hope that our attempt to achieve such a synthesis will be a worthwhile venture. Although we read quite extensively in the New Class literature, we could not find a satisfactory theory, and we were also often irritated by the lack of specificity and lucidity in this literature. Nevertheless, our intellectual journey around New Class theories turned out an exciting one. We gained refreshingly new insights invaluable toward rethinking critically, mainstream—Marxist or stratificationist—explanations of the position of the highly educated in the social structure. The more sophisticated among the New Class theorists often demonstrate a sense of irony and a kind of self-reflexivity typically absent in Marxist or stratificationist analyses of the power and privilege of intellectuals. Critical reflections on the New Class are critical reflections on ourselves: if there is a New Class, we the critical intellectuals are, in one way or another, more centrally or more peripherally, part of it. Gouldner for-

mulated quite formidably the central question of New Class research when he asked “Where does the cameraman fit in?” (Gouldner 1979, 9). In other words, where do we intellectuals fit in? Where does the power—if any—of the knowledge producers as knowledge producers come from? Indeed, the main strength of New Class theorizing is *critical self-reflexivity*.

While exploring this question, New Class theorists in essence are practicing critical theory. The authors of the more sophisticated New Class theories have radicalized the sociology of knowledge. Since the famous passage in “The German Ideology,” in which Marx and Engels hypothesized that the dominant ideas of each epoch represent the ideas of the ruling classes (Marx and Engels 1972, 44), and more specifically, since the contributions of Karl Mannheim, we are aware that all knowledge is existentially based (Mannheim 1971, 59–115). We know that there is an intimate linkage between knowledge and interest, knowledge and power. But the first wave of Marxist and non-Marxist sociology of knowledge assumes that the knowledge producer is a neutral instrument through which particularistic interests of other social agents, classes, generations, ethnic groups, etc. are formulated. Neither Marx nor Mannheim asked the question: does the interest of the knowledge producer as knowledge producer have any impact on knowledge? For the Marxists, knowledge producers are “organic intellectuals” (Gramsci 1980, 5–23) of one class or another; for Mannheim, knowledge producers are “socially unattached” (Mannheim 1972). New Class theories, however, push one step further along the frontiers of the critical-theory project; they now subject the theorist (that is, the knowledge producer) to critical scrutiny. Hence the irony and the novelty of their insights.

Paralleling such radicalization of the sociology of knowledge by some New Class theories is the radicalization of critical theory or theory of knowledge by Jürgen Habermas, Pierre Bourdieu, and Michel Foucault. None of these authors believe in the existence or even in the possibility of a new dominant class, with its power based on knowledge monopoly. Instead, they call for a domination-free discourse as the precondition of genuine human emancipation (Habermas 1979); emphasize cultural capital or symbolic domination as a relatively autonomous source or form of power and privilege (Bourdieu 1977, 487–511); and, more importantly, insist on the twin concepts of power/knowledge and the implied inseparability of the two phenomena (Foucault 1980),

thus indicating that some New Class theorists (most typically Alvin Gouldner) do address the same questions as the most creative and influential social theorists of the last two or three decades. Thus New Class theories may make contributions toward the very central debates surrounding contemporary social theory.

On these pages, we try to achieve three tasks. First, we try to identify different types or waves of New Class theories, demonstrate where the strength of each theory lies, and suggest particular insights to be gained from them. In this way, we attempt to offer a history of the idea of the New Class and an immanent critique of each wave of theories. Second, we complement this task with a sociology of knowledge approach. That is, we try to link the waves of theories to failed attempts at the formation of the New Class. Our central hypothesis is that, over the past century, groups of the highly educated did indeed have power aspirations of their own and, at different historical conjunctures, did pursue “collective mobility projects” (Sarfatti-Larson 1977) or “New Class projects” (Gouldner 1979). Until now, all of these collective mobility or New Class projects have proved failures, and so the New Class theories could be interpreted as critical or apologetical, overgeneralized or premature reflections of these projects. The primary reason, therefore, why the theories are incomplete or fragmented is not because the theorists made analytical errors, but because the empirically identifiable projects they generalized from were premature, incoherent, and contradictory. Finally, we try to develop a synthetic theory of the New Class. Tongue in cheek, we turn from being critics of the New Class to being its ideologues. We ask the question, can the highly educated learn from the lessons of history and formulate a project that will bring intellectuals to class power? How would a complete theory and a successful class project of the highly educated look? We also try to assess the prospects for a successful New Class project in light of such a synthetic theory, first in the West, then in the East.

### Waves of New Class Theories

We distinguish three waves of New Class theories: the anarchist theories of the intellectual class of the late nineteenth and early twentieth centuries; the bureaucratic-technocratic class theories of the 1930s, 1940s and 1950s; and the knowledge-class theories of the 1970s. Each

wave offers different insights, each wave captures in a fragmented manner different aspects, or dimensions, of a New Class formation.

From a textual analysis of New Class theories, we identified three such dimensions of class formation: agency, structural position, and consciousness. While theorists in each wave capture features in each dimension, they put particular emphasis on selected dimensions. Thus the first wave of theories emphasizes agency, the second structural position, and the third consciousness.

Our key assumption is that a successful formation of a new class requires that all three preconditions are present: there are agents who are ready to assume class power; a new structural position is created from which class power can be exercised; and, finally, the new agents with class aspiration have the appropriate consciousness, necessary to exercise class power. We believe that an analysis of these three dimensions of class formation could be applied to the study of any class. The making of the bourgeoisie or the modern proletariat may also be assessed this way, but such a distinction may be particularly pertinent for the understanding of the phenomenon we call New Class. As the New Class, at least up to this historical moment, is a particularly unevenly formed class, its history is more a history of failures than of successes.

### *The Anarchist Theories (1870–1917)*

The anarchists spotted early the latent scientism and elitism of the Marxian project of socialism. Bakunin's attack against Marx during their collaboration in the First International focused on the statist features of the Marxist conception of socialism. He argued that the complexity of the knowledge that a government-run economy and society requires will inevitably lead to rule by scholars and intellectuals.

Jan W. Machajski, the Polish-Ukrainian anarchist, following the anarchist line of argument, suggested that there are two different visions of socialism: workers expect socialism to be egalitarian, while intellectuals see the essence of socialism in state power (Machajski 1937; Nomad 1959). Machajski believed that this intellectuals' vision of socialism is self-serving, intellectuals wanting to use the working-class movement to promote their own rise to power through the state bureaucracies. The society that would emerge would be as inequalitarian as capitalism, except that privilege based on private capital

ownership would be replaced by privilege based on the monopoly of knowledge.

Thus both Bakunin and Machajski were skeptical with regard to the role intellectuals would play in the socialist movement. To give primacy to the political over the economic in mass struggles, to under-emphasize equality as a goal, and to concentrate on the nature of state power are ideologies that serve the power aspirations of the intellectuals but do not contribute to the emancipation of the manual workers.

The first wave of theorizing concentrates on the question of agency: who are the agents who may attempt to form a New Class? Why do intellectuals play such a prominent role in the working-class movement? Can one accept on faith that such intellectuals are indeed altruistic, acting as the mouthpiece of the proletariat (as Marx and Engels suggested in *The Holy Family*), or is there good reason to suspect that they may in the end serve their own particularistic interests, pursue their own power aspirations?

### *Technocratic-Bureaucratic Class Theories*

From the late 1930s onward, several theories have emerged claiming that a bureaucratic, a technocratic, or a managerial new dominant class is in the making or already in power in the (former) Soviet Union, in Western capitalism, or in both. These theories are rather heterogeneous: the agents each suggests will become the core of the New Class are quite different (from Stalinist bureaucrats to American managers). Some theories insisted that the New Class formation was limited to the Soviet Union, while others would describe the evolution of a new dominant class both under capitalism and socialism. Still, the common feature of all these theories is the claim that class power based on individual ownership of capital has been superseded and a *new structural position* created from which economic power can be exercised.

Although in the works of Thorstein Veblen as well as of Adolf Berle and Gardiner Means (Veblen 1963; Berle and Means 1932), such an analysis began to develop independently for Western societies alone, most of the bureaucratic class theories could be traced back to the work of Leon Trotsky (Trotsky 1974) and to the empirical analysis of the early Stalinist Soviet Union.

Trotsky himself was of course not a New Class theorist. He emphatically denied the class character of the bureaucracy and emphasized

that the Soviet Union, even after the rise of the Stalinist bureaucracy, remained a workers' state (though a deformed one). Still, Trotsky powerfully documented the conflicts of interest between the ruling Stalinist bureaucracy and the working class during the 1930s in the Soviet Union, and so opened up the theoretical space for bureaucratic class theories.

Indeed, the first comprehensive theories that described the Soviet Union as a society dominated by a bureaucratic class were developed by former Trotskyites who, particularly under the influence of the Stalin-Hitler pact, found it unacceptable to believe that the Soviet Union was a workers' state. Thus Trotsky's former disciples moved beyond their teacher by pointing out the class nature of the ruling Soviet bureaucracy and thus offering a more radical analysis of the character of the Soviet Union. Two versions of such post-Trotskyist bureaucratic class theories could be distinguished: according to some (for instance, Tony Cliff), the Soviet Union was state-capitalist, and capitalism was restored by the Stalinist bureaucracy (Cliff 1979); according to others, under the influence of Bruno Rizzi (Rizzi 1985), the Soviet Union represented a fundamentally new social system that was different from either capitalism or socialism, and that rightfully should be called bureaucratic collectivism (Shachtman 1962). Bureaucratic-collectivist societies are ruled by the state bureaucracy, constituted as the new dominant class. However, both the early state-capitalism theories and the bureaucratic-collectivism theories assumed that the class power of the bureaucracy was based in a new form of ownership: the bureaucrats collectively owned the means of production.

These early theories of the Soviet Union as a New Class society dominated by a collective ownership class, the bureaucracy, remained influential for some time. Elements of their impacts can be traced to theories emerging as late as the early 1970s. There are, however, three reformulations of this early bureaucratic class theories in the post-Stalinist epoch. Milovan Djilas and, in the late 1960s, Jacek Kuron and Karol Modzelewski accepted the idea of a new dominant bureaucratic class whose power is based on collective ownership, but they still regarded Soviet-type societies as "communist" or "state monopoly socialist."<sup>1</sup>

Maoists, such as Charles Bettelheim (1976), developed a new version of the state-capitalism theory. The Maoists argued that the Soviet Union restored capitalism and became a New Class society, but, unlike

the post-Trotskyist theorists, they also believed that the agents who carried out this restoration were not Stalinist bureaucrats but enterprise managers. However, in a crucial respect both Bettelheim and the post-Trotskyist bureaucratic-class theorists were in agreement: both identified the base of the class power of the managerial technocracy in its collective ownership of the means of production.

During the early 1970s, a new version of bureaucratic collectivism emerged in the works of Antonio Carlo (in his case traces of the Maoist influence can be found) and, to an extent, in some writings of Cornelius Castoriadis (Carlo 1974; Castoriadis 1978–79, 212–48). Both Carlo and Castoriadis believed that the Soviet Union was obsessed with economic growth and consequently produced an economic system with “production for production sake.” Since this production would serve the interest of *production* rather than the satisfaction of genuine social needs, Soviet bureaucratic collectivism (Carlo) or total bureaucratic capitalism (Castoriadis) would, in the last analysis, serve bureaucratic class interests.

The idea that in Soviet-type societies individual private property withers away, and that the class power of the old bourgeoisie is replaced by the power of whoever de facto controls the means of production, influenced the thinking of those who analyzed the transformation of social structure in Western societies.

Some of these Western New Class theories are spin-offs from Trotskyist analysis of the Soviet Union. James Burnham, a former Trotskyist, developed in the early 1940s the theory of “managerial society” (Burnham 1964), where he claimed that the Russian revolution replaced the bourgeoisie with managers as a dominant class. He also stated that the managerial revolution was a worldwide phenomenon, with fascist Japan and Germany also appearing to be moving towards managerialism, as the United States did with the New Deal. Thus Burnham developed an East-West theory of the New Class, which forecast the evolution of a new dominant class for the Western world, too.

During the 1930s, the idea of a technocratic-managerial transformation of modern capitalism had been emphasized by some with apologetical, others with critical, overtones. Berle and Means (Berle and Means 1932) reported approvingly the advance of managerial power in the United States. They claimed that capitalism was undergoing a major transformation, with private property being dissolved

and private owners replaced by managers in the position of economic power.<sup>2</sup>

Several theorists of the Frankfurt School, and even Habermas in his early writings, have had an analogous, though critical, analysis of modern capitalism, fascism, and Stalinism (Habermas 1970). Some Frankfurt School authors regard these societies as being technocratically deformed.<sup>3</sup> They portray early capitalism as liberal-democratic, and so focus their criticism against advanced, technocratic capitalism. Technology, they say, intrudes increasingly on all spheres of life, even culture and politics; Fascism and Stalinism are extreme expressions of such a scientific, technocratic development. The theorists of the Frankfurt School in such writings come close to a theory of postcapitalist, or state-capitalist, society in which the technocracy or the positivist scientists rule (though, in the last instance, none of the critical theorists accept New Class theory).

The second generation of New Class theorists concentrated their attention on the question of structural position: what kind of positions do New Class agents have to occupy in the system of social reproduction to qualify as the new dominant class, and is there a new structural position in modern societies that replaces the position guaranteed under classical capitalism by private, individual ownership of capital? A few of the theorists argued that in postcapitalist societies, incumbents of state bureaucratic positions perform functions similar to or equivalent to those performed by private owners under capitalism. The same argument has been made about the replacement of the position of “owners” by “managers” or “technocrats.”

### *The Knowledge-Class Theories of the 1970s*

During the 1970s, for the first time, the political right (the neo-conservatives) began to develop their own New Class theories; earlier theories were typically, though with a few exceptions, left-wing critiques of Marxist theory or of Marxist-Leninist political practices. The neoconservative argument was that the left intelligentsia has developed an “adversary culture” that seeks to undermine the value system of modern democratic society and establish the power of a modern “priesthood” comprised of moralizing left intelligentsia (Schelsky 1974).<sup>4</sup> The left intelligentsia, this argument contends, exercises undemocratic pressures through the media, or uses the welfare

state, academia, or the combination of these institutions to create its own class domination (Moynihan 1982).

Daniel Bell, in *The Coming of Post-Industrial Society* (Bell 1976), develops a politically less charged but in certain respects similar argument.<sup>5</sup> According to Bell, scientists are believed to play a fundamentally new role in postindustrial society. Scientific-theoretical knowledge accordingly becomes a major force of economic growth and social progress in the post-industrial epoch. Under such circumstances, there is room for a new, socially progressive knowledge class.<sup>6</sup>

Both Bell and the neoconservatives are knowledge-class theorists. Like Bell, the neoconservatives point to the existence of a new quality of knowledge upon which rests the class aspiration of the intelligentsia. But while for Bell this new quality is theoreticity, for the neoconservatives it is simply the destructive and subversive aspects of the new culture that the left intellectuals advocate.

Alvin Gouldner offers the most comprehensive knowledge-class theory. Gouldner's research project on the New Class begins as a sociology-of-knowledge critique of Marxism and the role of the left revolutionary intellectuals (Gouldner 1975-76, 3-36). Gouldner spots certain features of Marxism—in particular its “metaphoricality” (Gouldner 1974, 387-414), which makes it suitable for the Marxist intellectuals to pursue self-interested goals while pretending to represent universal interests. Armed with this knowledge, the revolutionary intelligentsia can substitute itself for the proletariat and emerge from the revolution as a new dominant class. In his two major works on the subject, *The Dialectics of Ideology and Technology* (Gouldner 1976, 9-13, 23-63, 195-294) and of course *The Future of Intellectuals and the Rise of the New Class* (Gouldner 1979), Gouldner develops a New Class theory that not only encompasses the power aspirations of the Marxist revolutionary vanguards but also reflects on the increasing power of the technocrats/scientists. The key concept Gouldner develops is the notion of a “culture of critical discourse,” which captures the common feature, the common quality of knowledge shared by Marxist radicals, professionals, the technical-intelligentsia, and adversary or counter-cultural intellectuals. As the knowledge of the highly educated takes the form of this culture of critical discourse, the cultural capital thus acquired enables them to “usurp” from the position of power both “old line bureaucrats” of state socialism and private capitalists.

Typically, knowledge-class theories were reflections of the changing social relations in the West. But one author of the present work developed, in his book *The Intellectuals on the Road to Class Power* (Konrád and Szelényi 1979), an analysis quite similar to that of Gouldner. Konrád and Szelényi argued that the intelligentsia in Eastern Europe, by virtue of its monopoly over “teleological knowledge,” formulates claims for class power, and in the post-Stalinist epoch there has indeed been a trend for the bureaucracy to open up and join forces with the intelligentsia, thereby becoming a new dominant class.

The last New Class theories explore the changing nature of knowledge. They typically argue that a new type of knowledge (call it adversary culture, teleological knowledge, cultural capital, etc.) is gaining ground and the possessors of this knowledge are in a radically new relationship to domination. It is assumed that the possessors of this new type of knowledge can now make an autonomous bid for power.

Our main criticism of existing New Class theories is that they are incomplete: they overemphasize one dimension of the New Class phenomenon, of the process of the formation of the New Class. In Table 1 we assess schematically the waves of New Class theories (more “+” [plus marks] in the chart means more emphasis put on such a dimension by the wave’s theories). The central task of theory-building is to combine these fragmented insights into a coherent theory that combines all three dimensions.

### Incomplete Theories as Reflections of Incomplete Projects

It is possible to interpret the history of the past two centuries as the history of several failed attempts at the formation of the New Class. The incompleteness of the theories is nothing else but the theoretical reflection of these unsuccessful collective mobility projects.

Table 1. Insights, by wave of New Class theories, on dimensions of the formation of the New Class (number of “+” denote a wave’s emphasis on a given area)

<i>Wave of New Class theories</i>	<i>Agency position</i>	<i>Structural</i>	<i>Type of knowledge</i>
Intellectual class	+++	++	+
Bureaucratic-technocratic class	++	+++	+
Knowledge class	++	+	+++

The first such project was attempted by what Karl Mannheim termed the “socially unattached intellectuals” of the nineteenth century. They were the uprooted intellectuals who had lost their traditional social position, but were unable or unwilling to accept the new position market capitalism offered them.<sup>7</sup> It was quite clear who the agents were who aspired to a new social position; it was, however, less obvious what that position might be and what sort of knowledge it called for, or how the agents would go about acquiring such a position.

Bakunin and Machajski were critical theorists of such “agents.” The empirical reality they were confronted with was the over-representation of intellectuals in the social democratic movement of the nineteenth century and their unshakable belief that they are the “true” representatives of working-class interests. The anarchists’ suspicions were not without basis; these intellectuals were not as altruistic as they claimed. But on the other hand, the anarchists’ predictions did not come true. The intellectuals certainly did not come to power with the Russian Revolution. On the contrary, most perished in the concentration camps during the 1920s and 1930s at the hands of the newly emerging Stalinist bureaucracy. Still, our main point is that there was a project of the radical, socially unattached intelligentsia for power of their own during the late nineteenth century. This project certainly failed, particularly since the agents of the project were utopian; they did not have a clear enough vision of the structural position they would need in order to fulfill their power aspirations. But the project existed; hence the realistic core of Bakunin’s theory.

The second wave of New Class theories reflect several projects. These projects—namely, the Soviet bureaucratic project, the technocratic project, and the managerial project—are not identical, but they show certain similarities despite the significant differences in the social and historical circumstances under which they originated. It was probably the Soviet bureaucratic project that came closest to acquiring class power. It may be that Djilas, after all, in the whole New Class literature had the most convincing case. The Soviet-type bureaucracy undoubtedly succeeded in creating a new structural position in the system of bureaucratic planning upon which a New Class formation would appear quite plausible. Curiously enough, on the other hand, this new structural position has been occupied by quite “archaic agents”—a bureaucracy possessing “Asiatic,” “pre-modern” characteristics.<sup>8</sup>

This Soviet-type bureaucracy does not deserve to be called a class,

however, since the type of power it exercises is of pre-class character. Particularly in the Stalinist epoch, the bureaucracy's domination required the systematic use of coercion. To transform Soviet-type societies into "modern class societies," this bureaucratic power had to be rationalized, gain rationalistic legitimacy. The main weakness of the Soviet bureaucratic project is the weakness of its rationalistic appeal.

In *The Intellectuals on the Road to Class Power*, Konrád and Szelényi tried to capture the spirit of the rationalistic, scientific reform movements of the late 1960s and the early 1970s. These reform movements had the potential to found Soviet-type societies on rationalistic principles of legitimacy while widening the circle of those who possess decision-making powers. That book's critics, on the other hand, are probably correct in pointing out that it underestimated the resilience and the stubbornness of the Stalinist bureaucracies. For example, the manner in which the Polish bureaucracy during the 1970s sabotaged the cause of rationalistic economic, social, and political reforms indicated what a long way these societies still had to go before they could be transformed into modern class societies.

Our primary contention here is that even this bureaucratic project failed to achieve a new type of class power. The strength of the project was that it succeeded in creating a new structural position, but it was occupied by the wrong agents—namely, agents who were unable or unwilling to develop a rationalistic system of domination, a prerequisite for class power.

In the West, too, from the turn of the twentieth century onward, a group of highly educated, more specifically the technically skilled, came forward with a new claim for power. The Progressive Era in the United States, the ideology (and organizations) of the "scientific management movements" among engineers in particular, signaled the beginning of this technocratic project. Apologetic and critical, the works of Veblen and those of the Frankfurt School described this project as the increase of power of the technically highly trained personnel in a technologically complex economy. This technocratic project had a significant impact on the Soviet bureaucracy, too. During the 1930s, even the Soviet bureaucracy attempted to use technology—for instance, Soviet success in aviation industry—to legitimate itself. There were also movements among Soviet engineers to import the idea of scientific management, to try to promote engineers into bureaucratic positions, in short, to "technocratize" the Soviet bureaucracy (Bailes 1979).

But this technocratic project also failed. In the Soviet Union, it was defeated by the bureaucracy; in the West it proved less of a challenge to the existing system of domination than advocates and critiques of “technocracy” thought during the 1930s and 1940s. Technocratic power was co-opted. Like the bureaucratic project, the technocratic one was weak in terms of the “consciousness” dimension; technocratic consciousness in the end proved less subversive than anticipated by many.

Contemporary Western theories of the New Class emphasize the “knowledge” dimension. This indeed may capture the uniqueness and relative strength of the contemporary project of the highly educated in Western societies. We may label this wave the “teleocratic” project. In the “knowledge class” literature of the 1970s, the New Left intelligentsia—the so-called adversary-culture intellectuals—is regarded as the core of this new teleocracy, who construct a new meaning-system to foist upon society, thereby attempting to undermine the existing system of authority. They are seen as self-righteous, terrorizing society with their moralistic view of the world and politics. In other words, this teleocracy has power, not by virtue of a particularly important structural position, but because they have succeeded in developing a genuinely subversive consciousness. The essence of the teleocratic project is to gain power by constructing or reconstructing the system of meanings, thus pre-empting the democratic discourse by monopolizing meanings.

The teleocratic project is just the opposite of the Soviet bureaucratic project. The strength of the Soviet bureaucrats is derived from the position they occupy; their weakness is their “consciousness.” Conversely, the strength of the teleocrats is the type of knowledge they possess; their weakness is that they barely have anything else, just this consciousness.

The knowledge-class theories lack credibility, since we doubt very much if a bunch of New Left ideologues, armed with subversive ideas, will be able to subvert the existing system of domination. Furthermore, it is also questionable how committed these agents are to this “teleocratic project.” Those who are behind the teleocratic project are not uprooted as the agents of the project of the socially unattached intellectuals were; the culture industry, the academia, and the mass media are able to (quite effectively, for that matter) integrate them into the status quo. As the New Right started to gain ground, from the mid-1970s onward, the weaknesses of the New Left teleocratic proj-

ect became obvious. Adversary culture lost its impact; many agents of the teleocratic project “deserted the camp” and, hence, betrayed the project.

We should not dismiss, though, too easily the chances of recovery for the teleocratic project. After all, it may be possible to look at the new fundamentalist right as another right-wing version of the teleocratic project. Earlier theories too easily, and perhaps erroneously, assumed that the knowledge class must come from the left; its knowledge must be universalistic and secular. If, on the other hand, the essence of the teleocratic project is to monopolize the system of meanings, then the fundamentalist New Right, particularly the Christian Right in the United States, also pursues a teleocratic project. If Schelsky is right—that is, if one could regard the critical New Left intellectuals as a kind of new “priesthood”—then what about the intellectuals of the fundamentalist Christian Right? It is ironic that in the late 1960s and early 1970s, the emerging neoconservatives (or neoliberals?) were criticizing the left intelligentsia for moralizing politics and exercising a moralistic terror, but by the mid-1980s the intellectuals of the fundamentalist New Right had emerged as the new moralizers. The teleocratic project of the left intelligentsia suffered a serious defeat as politics moved to the right since the 1990s, but the left’s cause may not be irreversibly lost.

We try to comprehend the incompleteness, muddiness, and self-contradictoriness of the different types of New Class theories as reflections of the inconsistencies in different types of New Class projects, inconsistencies that are at the root of their subsequent failures. But since the “empirical materials” we are working with are theories and not the historical contingencies surrounding the emergence and evolution of different New Class projects, we cannot give a satisfactory sociological description of these projects.

All that we expect to achieve in this book is to work out a research agenda, to identify those movements of the highly-educated during the last century that could be meaningfully interpreted as failed New Class projects, and to leave it to future empirical research to reconstruct the histories of these movements.

## Prospects for the New Class

At this point, we can attempt to construct a synthetic theory that measures the formation of the New Class in all three dimensions and

that tries to avoid the error previous theories made—to avoid, that is, declaring the emergence of the New Class prematurely just because it made progress in one or two dimensions. In our view, it is rather difficult to answer the question of what the prospects are that a New Class will eventually form, satisfying the criteria of classness in all three dimensions. In this concluding section, we address this issue, too.

However, just because previous New Class projects have failed, we should not simply conclude that the New Class has no chance in the future. While we do not see the formation of the New Class along all three dimensions as very likely in the near future, we believe that structural changes in the social system in the East and West make New Class actors increasingly powerful. Even if they do not make a successful bid for class power, these actors will be crucial players in all substantial political and economic changes.

### *The New Class in the West*

As we noted earlier, the main weakness of the New Class in the West during the last few decades has been its inability to find an institutional position. At the same time, of course, with increasing state intervention a new structural position around the institutions of government planning has been gradually created. This change in the social system in the West toward a statist capitalism creates the structural position from which New Class actors may make a claim for class power. If the social structure further evolves in the statist direction, creating a postcapitalist future, it is most likely that the New Class, rather than any subordinated class, will become dominant.

For those who want such a postcapitalist society, Gouldner may be right again in saying that the New Class may be the “best card” history has. It is indeed probable that an effective anticapitalist strategy can only be based on an alliance between forces of labor and the New Class. On the other hand, such a development is far from a historical inevitability.

There are two major limits to the emergence of such a statist postcapitalist class society. First, why could not society learn the lesson that it must resist simultaneously the forces of commodification and bureaucratization? The New Class may be the best card history has for us, but we may be better off if we do not play this card. Instead, we can try to maintain a more complex system of social domination. We may be better off by having two masters, rather than swapping our

old master for a new one. The idea of the “New Social Movement,” which is not a class-based movement attacking one dimension of domination by allying with another dimension of power, but is a broadly based social movement attacking both systems of domination, may be the most viable strategy at this moment.

Second, most New Class theories too readily assume that the agents who can become the New Class will also want the “class power” emanating from that position. Gouldner did consider this possibility, and so did Konrád and Szelényi in *The Intellectuals on the Road to Class Power*. But now we are becoming more skeptical about this possibility. It is not clear that the intellectuals, the highly educated, want class power. Even if they can have it, even if a structural position is open to them and even if “society” lets them become the new masters, it is not certain that they would seize upon this opportunity. There may be good reasons why they would not. Our tour around New Class theories and the experiences of previous New Class projects suggest that the highly educated will have to pay a very high price for class power: this price is bureaucratization. The bourgeois society at least offers the freedom of the “professions libres” and of the academia with economic security and privileges for the highly educated. Statist bureaucratization, on the other hand, would endanger such privileges. Would the intellectuals and the highly educated knowingly and willingly forgo these privileges just to exercise power? Paradoxically, the highly educated may resist the temptation of its own class power, not out of any altruistic dedication to social causes, but out of self-interest. Further, intellectuals, by resisting the temptation of class power, may actually gain a different type of power—namely, symbolic domination. This has been always an attraction to ideologues, on both the political left and the political right: to exercise influence through the possession of knowledge or information, to remain “behind the curtains” in the theater of power.

In summary, postcapitalist society under a New Class domination is possible, but not very probable.

Still, contemporary capitalist society remains mired in a long-term crisis that started in the late 1960s and early 1970s. The New Deal, representing a compromise between labor and capital, has slowly been dismantled in favor of the neoliberal state. This new regime does not rest on any social compromise; the bourgeoisie rules without any partners. As a result, the neoliberal state is weak and unsustainable. Any

solution to the current systemic crisis must be based on a coalition of social forces. We believe that any such coalition must include New Class actors in addition to labor and capital to succeed. Whereas the New Deal was a compromise between labor and capital managed by the state, a “New New Deal” must contend with the social actors created by the last New Deal. New Class actors must be brought into the deal, creating a tripartite class coalition, if such a movement is to have a chance of success. In particular, international technocrats who staff governmental and nongovernmental international financial institutions must consent to this deal.

### *The New Class in the East*

*The Intellectuals on the Road to Class Power* ended with these sentences:

Paradoxically, no transcendent intellectual activity is thinkable in Eastern Europe so long as intellectuals do not formulate the immanence of the intelligentsia’s evolution into a class. That however must wait for the abolition of the ruling elite’s hegemony and the consolidation of the power of intellectual class as a whole. As to when that hypothetical third period of socialism will arrive, we can only say that when some East European publisher accepts this essay for publication it will be here, and not before.

In November 1989, in the midst of the tumbling walls of communist regimes, *Intellectuals on the Road to Class Power* was finally published in Budapest by Gondolat, a government-owned publishing company. Is this an indication that intellectuals have formed a new dominant class? Did the Gorbachev project, which ultimately led to system breakdown, represent the activity of this New Class of specialists and experts on its way to ascendancy? Does this support the claim that “with the rise of Gorbachev to power, one could detect a revitalization of the New Class project”?

If the answer is yes, it still has to be decided whether the newly won power of the intellectuals is a lasting phenomenon or is just a brief era of transition. If it is likely to constitute a whole epoch, what is the character of the social system that it creates? Is it a variety of capitalism, socialism, or a “mixed” system?

In this book we offer a qualified “yes” to the first question. The bureaucratic rank order collapsed all over in Eastern Europe and it was in shambles even in the imploding U.S.S.R.. This is consistent with the

New Class theory advanced in *The Intellectuals on the Road to Class Power* in two ways.

First, what could be called the intellectualization of the bureaucracy undoubtedly played a significant role in the rather unexpected collapse of communism. It accounts for the bloodless “velvet revolutions” against the bureaucracy, which were only possible because of the astonishing readiness of the ruling elite to dissolve itself and its organizations, such as the Communist Party. Certainly one of the reasons the bureaucracy demonstrated so little resistance can be attributed to the changing pattern of recruitment into the party and state bureaucracy over the last two decades.

In Hungary, at least during the Kadarist consolidation, the party consciously tried to appeal to the highly educated and went out of its way to bring good young professionals into nomenclature position, in particular into the party apparatus. Indeed the overwhelming majority of the party apparatus under forty in Hungary by the late 1980s were highly trained professionals. As these “communist yuppies” replaced the old-line bureaucrats, the ethos of the party apparatus changed. These young professional cadres, unlike those who were recruited from the working class and peasantry, did not depend exclusively on political bosses; their personal fate was not tied to the future of the party. They believed they had marketable skills, and if their party job went they could return to their professions and earn better salaries by working for multinational corporations. This turned out to be a highly bourgeoisified party elite, whose loyalties did not lie with communism. While some critics of *The Intellectuals on the Road to Class Power* ridiculed the book for suggesting that party cadre could be intellectuals, the prediction about the intellectualization of the bureaucracy (and its devastating impact on the bureaucratic rank order) proved surprisingly accurate.

Further, there is a power vacuum today in Eastern Europe. The old elite collapsed and, in the absence of a domestic propertied bourgeoisie, the only serious contender for the role of elite is the intelligentsia. A new political class is in formation, and this emergent new elite is exclusively recruited from the intelligentsia. Its members are historians, economists, sociologists, jurists, media professionals, and they all claim power, they all aspire for positions such as members of parliament, government ministers, presidents, and mayors, on the grounds of their expertise as professionals.

If one wanted to describe the power structure of Eastern Europe in 1990–91, one could fairly confidently have said it could be characterized by the power struggles between different fractions of the intelligentsia. In Hungary the society silently, and quite apathetically, watched this struggle. The Polish working class looked at the new elite with increasing nervousness, if not hostility or disgust. The new elite froze wages and boosted prices, tried to control strikes, and offered the Lenin shipyard for sale to Mrs. Johnson, while promising her industrial peace. Undoubtedly intellectuals at the time in Eastern Europe had more power than ever in history. And what used to be conflict between society and power was rapidly becoming a conflict between intellectual elites and the rest of the society.

Our answer to the second question, whether the new class would hold power long, is: we do not know. Intellectuals usually play a prominent, vanguard role in revolutionary social change, when one social formation collapses and a new one is emerging. But these vanguard intellectuals usually are unable to keep the power they grab during revolutions. As the new social order consolidates itself, they lose power and surrender some of their political privileges to other classes or social categories, such as the propertied bourgeoisie or the bureaucracy (the former happened after the French, the later after the Russian, revolution). Will the intelligentsia be able to set a historic precedent this time—to keep its power and to constitute itself as a genuine New Class, which can reproduce itself in the position of power—or will it simply surrender power to a new bourgeoisie? In other words, is the current revolution (which, for those who subscribe to a Marxian theory of philosophy, thus who believe that historical progress leads from capitalism to socialism, may really be a *counter-revolution*) much else than a probably historically brief period of transition from socialism or communism to capitalism?

We will argue that intellectuals are not constituting themselves as a New Class. Although the agents of the New Class now command the power positions in political, cultural, and economic institutions, they paradoxically abandon the consciousness necessary to rule as a class, and have dismantled the structural positions around which they could exercise class power (the redistributive integration of the economy).

Liberalism holds ideological supremacy. Relying on neoclassical economics and with deep sympathies toward the economic policies of Margaret Thatcher and Ronald Reagan, intellectuals call for a shock

therapy, an unrestrained reprivatization, the wholesale, unrestricted transformation of public property into private property. This reprivatization may mean just passing the public firms into private property of managers (according to Elemer Hankiss and Jadwiga Staniszkis, a lot of this has happened in Hungary and in Poland), or it may mean passing Hungarian and Polish firms into the hand of foreigners.

Intellectuals, rather than assume class power, have taken the task upon themselves of making capitalism in Eastern Europe. The struggles among groups of intellectuals, in varying alliances with other social groups, will determine the nature of the postcommunist system; in some regions, such as Central Europe, they have already succeeded in creating a type of capitalist economy. The nature of these capitalist systems are different for every country in the region, reflecting the local balance of social forces and the outcomes of prior struggles. Perhaps the most interesting feature of this system (still rapidly transforming itself) is that it is thus far a capitalist system in which there is no dominant capitalist class; there is no grand bourgeoisie. There is the requisite consciousness (liberalism), structural positions (market-dependent firms); only the agents have not yet arrived. Who will become these agents, or even whether these agents will ever come, will be the focus of social conflict in this region for a long time. The technocracy, foreign capital, and former socialist entrepreneurs (private domestic businesspersons who started during late state socialism) will all contend for this spot.

As in the West, a clear understanding of the position of intellectuals in the postcommunist societies (and indeed of their historical roles during communism) is necessary for societal reconstruction. As intellectuals never acknowledged their own interest in socialism, they again fail to acknowledge their interests in postcommunism. They now confidently proclaim that creating a market society requires dismantling the “redistributive state” that was created during the socialist period. Thus, redistribution in the form of social welfare is “drastically overgrown” and must be seriously trimmed back to accommodate the current “stage” of development of capitalism in these societies. But New Class theory reveals that socialist redistribution benefited intellectuals, and was not “welfare” as known in the West: it did not correct for social inequalities; rather it generated them. Paradoxically, it was market mechanisms that were utilized by workers to correct for inequalities caused by redistribution.

With postcommunism, intellectuals have mostly dismantled the system of socialist redistribution. They “make capitalism” for the good of society, but in the meantime the project means that they can get well-paying jobs in the marketized sector of the economy, can serve as highly paid and rewarded “comprador intelligentsia” that assist foreign capital in penetrating the domestic market, or can become owners of businesses. They no longer need redistribution, so they wish to eliminate it. The result, in some postcommunist economies like Hungary, is skyrocketing social inequality, the weakening of domestic demand, and, most important, misery and poverty for the losers in the transition.