

---

# **SOCIALIST STUDIES**

Published by the Socialist Labor Party • P.O. Box 218 • Mountain View, CA 94042

---

## **The Changing Composition of the Working Class**

### I.

In common parlance, as well as in the social studies courses taught in our schools, the term "working class" is often associated with blue-collar workers only. Among many, the term evokes an image of workers with hard hats and lunch pails trudging into smoke-spewing factories, or mines, or mills or construction sites. Our education system and culture have fostered the idea that others who work for a living – office workers, teachers, scientists, service workers, clerks, etc. – are white-collar employees, or professionals, or middle class – anything but working class.

Social classes, however, are far more definitive than those vague terms convey. The members of a social class have distinct characteristics in common – characteristics that express the economic divisions within the existing society and reflect the essence of how the prevailing social system works.

### **Defining the working class**

In our present capitalist society, all who are compelled to sell their ability to work to an employer, private or state, in order to make their living belong to the working class, and so do their families. In other words, the working class includes all who must work in order to live – whether their labor be mental or manual. The working class includes also all who are looking for work. Thus, the working class in the U.S. encompasses the overwhelming majority of the population.

The working class produces all social wealth. It stands in sharp contrast to the capitalist class, which lives off of its ownership of the means of production (the instruments and fa-

cilities used to produce goods and services) and its consequent ability to exploit workers for profit. The working class is the only socially useful class in society; – the capitalist class is a socially useless class that autocratically controls the economy to serve its own selfish interests.

If we workers are to understand the society around us, if we are ever to liberate ourselves from capitalist exploitation and oppression, we must proceed from this fundamental understanding of class that expresses the true social relations that prevail at the point of production, rather than from the arbitrary notion that classes are determined by income or occupation. From a correct understanding of what constitutes the material basis of our class flows the understanding that all workers are exploited, are subjected to oppression on the job, are threatened with unemployment and declining real wages, are denied participation in making the basic economic decisions that affect their lives, and have common interests that are diametrically opposed to the profit interests of the capitalist class.

A correct understanding of class is also important if we are to achieve the socialist objective of creating a rational, socially owned, democratically controlled economic system. The socialist movement aims to organize the working-class majority politically and economically for the express purpose of replacing capitalism with a classless society: a socialist self-government of industrially organized producers. But the socialist movement cannot do this without a clear understanding of who and what the working class is.

### **Occupational composition of working class**

It would be a serious mistake to equate the working class with blue-collar or manual workers alone. Actually, only about 28 percent of the working class are engaged today in the production of tangible products, and that percentage has been steadily declining, especially during the last 30 years.

That fact, striking as it may be, reflects only one aspect of the changes that have taken place, and are continuing to take place, in the composition of the working class. By looking at available statistics, it is possible to identify three trends that characterize the changing composition of the working class:

1) There has been a shift from the blue-collar and farm-labor occupations to white-collar and service occupations. And

the process is continuing.

2) The growing proportion of workers in white-collar occupations is, in large measure, a reflection of another kind of shift that is taking place: a shift from workers directly and indirectly engaged in the actual production of goods and services to workers engaged directly and indirectly in the sale and circulation of those goods and services to enable the capitalists to realize their profits. Put another way: there is an ongoing shift from work that serves the needs and wants of society to work that serves the special interests of the minority capitalist class.

3) There has been a general shift from virtually all categories of employed workers to the category of the unemployed. And this process is accelerating.

The chart on the next page illustrates some of the changes that have taken place in the occupational composition of the working class.

A few words of explanation are in order. The term "labor force" 'is not identical with the term "working class." It can only be considered a rough approximation. In the chart, we have made the "labor force" a somewhat closer approximation of the working class by omitting the self-employed farmers that the government usually includes in the "farm-worker" category, and including the unemployed, which the [Census Bureau](#), unlike the [Bureau of Labor Statistics](#), does not include in its count of the labor force. (For these reasons, the percentages listed vary slightly from those listed in the 1981 edition of the Statistical Abstract of the United States.)

Still, the chart is by no means a perfect picture of the composition of the working class. For example, the chart includes some functionaries of the capitalist class whose primary task is to uphold class rule itself – e.g., judges, police, etc. And the "management and administration" category, which the government normally places under the "white-collar" heading, includes working people like train conductors, supervisors, etc., as well as such capitalist elements as bank officers and government administrators.

Moreover, because the figures are separated by 10-year intervals, they don't precisely reflect the overall rise in the rate of unemployment since World War II. In the 1950s, the offi-

cial unemployment rate averaged 4.5 percent, in the 1960s, 4.8 percent, in the 1970s, 6.2 percent, and thus far into the 1980s, 8 percent and climbing.

### Occupational shifts

These nuances noted, the chart reflects the general trends in the changing composition of the working class. It clearly shows that the overall trend of the last few decades has been toward relatively fewer blue-collar jobs and relatively more white-collar and service jobs, In the white-collar category, the gains have come in the professional, technical and clerical occupations.

A recent Labor Department study of the occupational shifts of the last decade provided additional details. The specific

**Percentage Distribution, Labor Force**

	1900	1910	1920	1930	1940	1950	1960	1970	1980
<b>Management &amp; administration</b>	6.6	7.4	7.4	7.7	6.9	8.9	10.5	10.0	10.6
<b>"White-Collar" (Except management)</b>	17.2	16.5	20.4	22.8	22.6	28.4	32.0	36.0	38.6
–Prof., tech., & kindred	4.8	5.3	6.0	7.0	7.1	8.8	11.1	13.5	15.1
–Clerical & kindred	7.3	6.0	8.9	9.2	9.1	12.5	14.5	16.7	17.5
– Sales workers	5.1	5.3	5.4	6.5	6.3	7.1	6.3	5.9	6.0
<b>"Blue-Collar"</b>	40.5	42.7	44.8	41.0	37.8	41.9	38.2	35.3	29.8
–Craft & kindred	11.9	13.0	14.5	13.3	11.4	14.4	18.8	13.4	12.1
–Operatives & kindred	14.5	16.4	17.4	16.4	17.5	20.8	19.1	17.4	13.4
–Non-farm labor	14.1	13.5	12.9	11.4	8.9	6.7	5.3	4.5	4.3
<b>Service Workers</b>	10.2	10.7	8.7	10.2	11.1	10.7	11.3	12.4	12.6
<b>Farm Workers</b>	20.0	16.1	13.1	9.1	6.7	4.5	2.3	1.2	1.2
<b>Unemployed</b>	5.5	6.5	5.6	9.2	14.9	5.7	5.7	5.0	7.2

The chart was compiled from figures taken from the following publications of the United States Department of Commerce:

[Historical Statistics of the United States \(Bicentennial Edition\)](#) pp. 135, 139, 1141.

[Statistical Abstract of the United States \(1981 Edition\)](#) pp. 391, 401–404.

occupations that have registered the largest gains in jobs are, in order: secretaries, cashiers, registered nurses, cooks, truck drivers, accountants, engineers, computer and peripheral machine operators, bookkeepers, and computer specialists. Note that only one — truck driving—falls into the blue-collar category.

The biggest job losses were in the categories of delivery and route workers, private household workers, farm workers, garage workers and gas station attendants, textile workers, telephone operators and stenographers. Only the latter two are in the white-collar category.

A glance at these occupational categories does not by itself reveal a shift from work related to production of goods and services that satisfy society's needs and wants to work that serves primarily the interests of the capitalist class. For example, while many engineers, chemists, physicists and other specially trained workers, who are included in the white-collar category, are engaged in the production of tangible items that serve society — bridges, medicines, autos, passenger aircraft, etc. — many other such workers are engaged in the production of tangible items that serve, or relate to, the interests of the capitalist class only — i.e., nuclear weapons, military aircraft, submarines, etc.

The same applies to many other categories of white-collar or service workers. Thus, stock clerks, bookkeepers, secretaries, draftsmen and many other white-collar workers in the auto industry are as essential to the production process as the workers on the assembly line. However, the office and other personnel who work for brokerage houses, management consultant firms, securities analysts, etc., are performing services "necessary" only to the capitalist class.

### **'Business-service' industries**

To note this is not to pass any value judgment on the workers who work at these jobs. Every worker must work or face the possibility of going hungry. They cannot be blamed for accepting the limited job opportunities that the capitalist economic system make available to them. Modern capitalism has given rise to entire "industries" that are concerned solely with the sale and circulation of commodities rather than the production of commodities. These are the "business-service" and "commerce-related" industries.

Between 1960 and 1981, employment in wholesale and retail

trades rose from 21 to 22.6 percent of the non-agricultural labor force; employment in finance, insurance and real estate rose from 4.9 to 5.8 percent; and service employment grew from 13.6 to 20.2 percent. The only other "industry" category to show an increase was "government." A landmark was reached in April 1982 when total employment in the finance, insurance, real estate and service industries overtook total employment in manufacturing, mining and construction.

It should be noted, however, that the growth in the broad category "service industries" does not in it-self imply growth solely in areas that serve capitalist interests exclusively. The category also includes industries such as health and education. But among the fastest growing industries in the category are the "business-service" and "financial-service" industries. For example, employment in the "business-service" industry increased 65 percent between 1970 and 1980, a decade during which employment generally grew only 24 percent. Marxist economist [Harry Magdoff](#) recently calculated that 11.35 percent of all non-government employment is in trade, finance, insurance, real estate and other business services (such as advertising, accounting, and law)"\*

This shift explains a large part of the changes taking place in the occupational composition of the working class. The Labor Department study referred to above, for example, noted that nearly 30 percent of the growth in employment in the accounting field was due to a growth in business services, and 50 percent was due to a growing need for accountants in government, banking and finance, wholesale trade, insurance, and real estate. Only 20 percent of the growth was due to an increase in demand for accountants by manufacturing firms.

Moreover, even these eye-opening statistics don't take into account the workers employed in sales, advertising, promotion, marketing and related departments within other industries. Nor do they take into account all the labor used in other industries to produce such antisocial items as military weapons.

---

\*[Harry Magdoff, "A Statistical Fiction," [The Nation](#), July 10-17, 1982.]

## II.

As if workers didn't have enough to worry about in the present, they also have good cause to worry about the future. There have been a number of studies and reports lately that predict a wholesale elimination of industrial jobs by automation. They also describe an overall change in the U.S. economy from an "industrial society" to one variously described as a "high tech" society, a "new information order," an "information and service-oriented economy," etc. Many of these reports predict that the toll on workers will be great; others glibly assert that a sizable government job training-program could allow workers to make the transition without undue hardship.

In the first part of this article we depicted the changes that have already been taking place in the composition of the working class over the last several decades. We showed a steady decline in the percentage of the working class employed in blue-collar and farm labor occupations and a corresponding increase in the percentage employed in white-collar and service occupations, and in the ranks of the unemployed. We also showed a shift from labor engaged in the actual production of goods and services to labor engaged in the sale and circulation of goods and services and in other functions that serve only the interests of the capitalist class.

An examination of the causes of these trends confirms that workers have good reason to worry about their future. It reveals that the decline in blue-collar and other production-related employment is bound to continue, that the growth of employment in white-collar and service occupations and in business service and commerce-related industries is already showing signs of tapering off, and that the one category of workers that will show growth in the future is the unemployed.

To comprehend what is behind the changes in the composition of the working class, it is necessary to review some basic facts about the capitalist economic system.

### **ABCs of capitalist production**

The goal of any capitalist firm is to maximize profits. Even the defenders of capitalism admit that. They claim that the profit motive is one of the system's chief virtues.

What must be understood is that the profits reaped by the capitalist class are derived through the exploitation of the

working class. The wages capitalists pay workers are equivalent to only a fraction of the values that workers produce. The difference between the values created by workers and the value of the wages they receive is called "surplus value," which goes to the capitalists. Profits are that portion of surplus value that remains after the costs of such items as interest, taxes, advertising, etc., have been deducted.

Since workers receive wages equal to only a fraction of the value they create, they can buy back only a fraction of the total output of the commodities they have created. The rest – the difference between what workers produce and what their wages will buy – must either be consumed by the capitalists, wasted, used in expanding industries and services or exported abroad.

But such is the productivity of the workers that, despite the extravagances of the capitalists, despite the wastefulness of the system, despite the expenditures for capital investment, despite large expenditures for foreign aid, despite exports – despite all this, markets periodically become glutted, inventories mushroom, production is cut back, workers are laid off and the nation slumps into an economic crisis.

In short, exploitation is the underlying cause of capitalism's "boom and bust" cycle and of the unemployment created-throughout that cycle. The periodic economic crises have also been described as "crises of overproduction" – not because too much has been produced from the standpoint of social needs, but because more commodities have been produced than the system can absorb given the restricted purchasing power of exploited workers.

### **Problems of productivity**

In pursuit of the goal of maximizing profits, capitalists constantly strive to increase the rate of exploitation, i.e., the ratio of surplus value to wages. Toward that end, capitalists invest in new and improved machinery and/or introduce new methods of production, in order to improve the productivity of labor and reduce their labor costs.

The growing productivity of labor in turn is a major factor in the changes taking place in the composition of the working class. It has fostered these changes in the following ways:

The improvements in productivity themselves displace labor directly. Mechanization, automation, computerization, etc., are

primary factors in the permanent elimination of jobs in the goods manufacturing industries and blue-collar occupations. Improvements in computer and robot technology portend even more dramatic reductions in manufacturing employment in the future. According to a recent study conducted at Carnegie-Mellon University, the current generation of robots has the capability of reducing existing manufacturing employment by one-third. Other researchers have estimated that by the turn of the century less than 10 percent of the work force will be employed in factory jobs.

The increased rate of exploitation widens the gap between the value of the total output produced and the wages that workers collectively receive. The markets for goods and services become more readily saturated. Thus, the "crises of overproduction" tend to occur more frequently and tend to be more severe; the "recoveries" tend to be slower and progressively weaker, and the overall rate of unemployment tends to grow.

New improvements in productivity give the individual capitalist firm a temporary competitive advantage. But ironically, as competing firms invest in the same kinds of improvements, the long term effect is a lowering of the rate of profit (the ratio of surplus value to the total capital investments—both in machines and human labor power—used to produce that surplus value). Briefly, this happens because only human labor power produces new values and can be exploited; machines merely transfer their original value to the new commodities.

### **Falling rate of profit**

That the rate of profit under capitalism tends to fall is a fact that has been confirmed statistically. It is a major cause of the trend toward slower growth and stagnation. The rate of profit has fallen most in those basic manufacturing industries that in previous years had the largest investments in new machinery. One of the contradictions of capitalism is that while such investments increase the productivity of labor they eventually lower the rate of profit to a degree that creates disincentives for subsequent investment—capitalism cuts its own throat. Thus ironically, it was precisely the very rapid development of industries like auto, railroad, steel, mining, farm equipment, etc., that has led to their decline in the face of global recession and foreign competition today. This in turn has contributed to the displacement of labor.

The above combination of factors means that the capitalist class is extracting ever larger quantities of surplus value at the same time that the opportunities and incentives for additional investments in basic manufacturing industries have declined.

To obtain a higher rate of profit, some capitalist firms have invested in manufacturing operations overseas – the so-called “runaway shops” – in order to take advantage of the lower wage rates that prevail in lesser developed countries. They thereby lower the total capital investment and improve the rate of profit. This practice has also contributed to the decline in domestic manufacturing and blue-collar employment, especially in the textile and electronics industries.

But capitalists have invested more and more of the surplus value they extract from workers in production in order to realize their profits. Entire “industries” – sales, marketing, advertising, etc. – concerned solely with the realization of profits have flourished. Indeed, in the age of monopoly capitalism, ‘these industries have become primary weapons in the battle of competition among the few corporate giants that dominate most industries.

### **Impact on workers**

The rise of the business service and commerce-related industries has much to do with the increase in the proportion of white-collar workers. But contrary to contemporary myth, this shift from blue-collar to white-collar jobs has entailed a decline in living standards, not an increase.

For example, in 1981 workers in the mining industry averaged \$10.05 an hour (gross), in construction \$10.80 an hour, and in manufacturing \$7.99 an hour. However, white-collar workers in industries that have been experiencing relative growth fared worse than that: Workers in wholesale and retail trade averaged \$5.93 an hour, in finance, insurance and real estate \$6.31, and in services \$6.41. This reflects the fact that most of these white-collar jobs are for clerks, secretaries, bookkeepers, computer operators, waitresses, nurses, etc., most of whom receive relatively low pay.

Of course, the displacement of labor into the ranks of the unemployed is more devastating than the shift from blue-collar to white-collar jobs. The factors cited above – increasing productivity, worsening economic crises and the falling rate of

profit – will continue to contribute to growing unemployment in the future. Moreover, there will be fewer jobs created in white-collar and service occupations to compensate for the loss of blue-collar jobs in the future.

For one thing, the growth of the business services and commerce-related industries is largely dependent upon the continued generation of surplus value in the basic goods producing industries. Thus the steady deterioration of the latter must eventually affect the former.

The growth of many service industries is also dependent upon the continued generation of surplus value. For example, many of these industries are dependent upon the state for funding. But under the impact of the most recent crises and the falling rate of profit, the state has been prompted by the capitalist class to cut back its funding of services.

The limited potential for growth in white-collar occupations has been made apparent during the current crisis. Over one-fourth of those unemployed today have been laid off from white-collar jobs. This is the highest percentage of white-collar unemployment since 'such records have been kept.

### **Displacement of labor**

In addition, automation and computerization will be hitting white-collar employment very hard in the near future. Estimates vary, but even according to conservative estimates 20 million of the roughly 50 million white-collar jobs now in existence will be automated by the turn of the century.

Defenders of capitalism have tried to minimize the impact of automation, computerization, robotization, etc., with two central arguments. One is the line that "Automation (or computerization, or robotization, etc.) creates jobs too." But the whole point in introducing improved machinery is to increase productivity and displace labor. Thus any new production machinery that took more labor hours to build than the labor hours it displaced would not be cost-effective and would not be implemented. So while automation and the like create jobs, they necessarily do not create nearly as many jobs as they eliminate. As Frederick Engels succinctly put it: "As a means of cheapening production, the machine must cost less labour than it replaces."

Moreover, a 1979 survey of the electronics industry found that the growth in employment in computer production will be

minimal due to the internal use of computer technology. What this illustrates, to put it simply, is that capitalists will be using more machines to make the machines.

The other argument is that workers will be able to find jobs in the "high tech" industries, providing that the government sets up massive job training programs. This too is an untenable argument. Employment will become progressively more restricted in all industries and occupations. Job training programs cannot solve the fundamental problem of more and more people competing for fewer and fewer jobs.

### **Socialist alternative**

What then does the future hold for workers if capitalism remains? The shift from blue-collar work to white-collar work will continue, though at a slower and slower pace. The trend will be for more and more workers to be thrown into the ranks of the unemployed. As a further consequence of these developments, the real wages of those working will continue to fall, as they have over the last decade.

Yet the very same factor – the increasing productivity of labor – that has proven to be such a curse for workers under capitalism, would be a blessing for workers in a socialist society.

When the economy is socially owned and production is democratically planned and managed by the producers to meet social needs, there will be no more exploitation – the producers will receive the full social value of what they produce. Therefore, there would be no more "crises of overproduction" and no more unemployment.

Today, the productive powers of millions of workers are being wasted by involuntary unemployment or by employment in efforts that serve the interests of the capitalist class only. In a socialist society all that productive power, could and would be directed into endeavors that will serve social needs and wants, as democratically determined by society itself. Along with the elimination of exploitation, this would mean a dramatic improvement in the standard of living and a substantial reduction of the work week for all. Additional improvements in productivity would no longer pose a threat to anyone's security or well-being. Instead they would mean further reductions in the amount of work required to provide an abundant standard of living.

The contrast between the certain misery that workers face under capitalism and the certain affluence they could enjoy in a socialist society has never been greater. What is needed today is that workers realize that the latter alternative is viable and attainable if they organize themselves on a class-wide basis and take the initiative in the struggle to transform class-divided capitalism into a socialist cooperative commonwealth.

*The People*, Oct. 30 and Nov. 11, 1982

For a complete list of Socialist Labor Party titles, write to:  
New York Labor News, P.O. Box 218, Mtn. View, CA 94042.