



# **COUNTERFUTURES**

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Left thought & practice Aotearoa

# Class in New Zealand

Past, present and future

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**I**N THE WAKE of the global financial crisis and amidst a tide of concern about inequality, now is an opportune time to revisit the topic of class. It is conspicuously absent from most of the discourse surrounding the current state of capitalism and its iniquities, but it is critical to a full understanding of them. In New Zealand, we have always tended to shy away from talk of class, but like all capitalist societies this is a class society, and we are all connected to and divided from others by class relations. Class also connects our present to our past and future, playing key roles in the periodic economic and social transformations shaping our history.

New Zealand has been through at least three such transitions, which have all involved significant shifts in class relations and class structures. At this current uncertain juncture in the aftermath of the global financial crisis, we may have the opportunity to forge another transformation.

## What is class and why does it matter?

Raise the subject of social class with most New Zealanders and you are unlikely to arouse the passions. Most do not consider class to be a significant element of their own identities or an important dimension of New Zealand society. This owes much to our historical ideal of egalitarianism, which – however spuriously – has portrayed this as a country of opportunity where class inequalities are less marked and class boundaries less rigid than elsewhere. Today the myth of egalitarianism may be challenged by a growing awareness of material inequalities, but these inequalities are seldom interpreted in class terms.<sup>1</sup> In fact, the growth of inequality in recent times has probably coincided with a diminishing of class awareness and identification, reflecting economic and social changes of the last few decades: the decline of manual working-class jobs and collective organisation among workers, greater mobilisation around non-class differences such as ethnicity and gender, and increasingly individualised and fragmented patterns of social differentiation. While surveys suggest most New Zealanders recognise the existence of class, they have differing understandings about what the term actually means, and the overwhelming majority (as many as 75 to 90 percent depending on the survey) consider themselves to be middle class – including many working in what sociologists would generally categorise as working-class occupations.<sup>2</sup> Presumably the results might be somewhat different if people were asked to categorise others rather than themselves, but even so if the vast majority identify with the same class it is unlikely that class divisions will figure strongly in our consciousness.

1 See for instance Max Rashbrooke, ed., *Inequality*, Wellington 2013.

2 Edward Haddon, 'Class identification in New Zealand', *Journal of Sociology* 51/3 2015, pp. 737–54; Joanne Black, 'Show a Bit of Class', *New Zealand Listener*, 28 May 2005, pp. 16–21. The figures cited are an aggregation of the categories of 'upper middle class', 'middle class' and 'lower middle class'.

However, this does not mean that class is of no consequence in New Zealand. Like all capitalist societies, this is a class society in that it is characterised by structural inequalities based on the control of resources which are economically, socially and politically advantageous. The extent to which such inequalities engender class consciousness and class formation – the development of collective awareness and the potential for collective action among people in similar class situations – depends on how people experience and respond to the realities of class inequality in particular times and places. In New Zealand, class consciousness and class formation have been constrained by a number of historical factors: the ideological influence of the egalitarian ideal; the relative openness of settler societies to social mobility and cross-class interactions; the overshadowing of class divisions by those between Māori and Pākehā; the delayed and constrained development of large-scale industry and an industrial working class; and the mitigating effects of mass consumption, sustained by the wage growth of the post-1945 era and the consumer credit of more recent times. However, we will see later that at certain points in New Zealand's history – particularly in times of economic crisis – class divisions have come more into focus and mobilisation around class interests has played a critical role in determining the course of the country's development.

Before looking at that story, some clarification of the concept of class is necessary. Class is an idea which lends itself to a variety of meanings, including differences of social status, hierarchies of socio-economic inequality, relations of exploitation, and imbalances of power. This complicates both the popular discourse about class and the academic field of class analysis, which is beset with arcane and protracted debates about how class should be conceptualised and analysed – debates which often come down to different understandings of what class means.<sup>3</sup> The dominant strands of sociological thinking on class are those inspired by Marx, Weber, and more recently Pierre Bourdieu. For Marxists, class is about exploitative economic relations based in the sphere of production which entail conflicting interests and generate collective struggles

<sup>3</sup> For overviews of the field see Rosemary Crompton, *Class and Stratification*, 3rd ed., Cambridge 2008; Erik Olin Wright, ed., *Approaches to Class Analysis*, Cambridge 2005.

in pursuit of those interests. Weberians are concerned with how different market capacities affect people's life chances, how this constrains individual and inter-generational social mobility, and how it leads to the formation of social classes cohering around shared economic class situations. The Bourdieusian perspective is influenced by both Marx and Weber, but instead of locating class in production or the market, it focuses on how people actively create class through practices of social inclusion and exclusion based on the possession of different types of capital: cultural, social and symbolic as well as economic.<sup>4</sup>

These schools of thought and others tend to be regarded as competing perspectives, but some argue it might be more fruitful to view them as complementary, with each having the capacity to inform different research agendas and illuminate different aspects of the multifaceted subject of class.<sup>5</sup> In sympathy with this view, I favour a broadly Marxist approach, but one which incorporates elements of both Weberian and Bourdieusian thinking.<sup>6</sup> This means starting from a Marxist standpoint that holds class inequalities are fundamentally rooted in production relations, and that the antagonisms generated by these relations are critical to understanding the dynamics of capitalism. But drawing on Weber it also recognises that people's positions in production relations depend on their market capacities – in particular the skills they possess – and that the degree of social mobility in a given society affects the likelihood of class formation. And following Bourdieu, it recognises that class formation is not exclusively a manifestation of economic relations, but that cultural and social capital play important roles in the generation and reproduction of class distinctions and inequalities.

4 Cultural capital refers to socially valued knowledge, tastes and dispositions; social capital refers to social connections and networks; and symbolic capital refers to prestige or status. Economic and cultural capital are the most important resources in Bourdieu's conception of class.

5 Crompton, *Class and Stratification*; Erik Olin Wright, 'Conclusion: If "Class" Is the Answer, What Is the Question?', in Wright, ed., *Approaches to Class Analysis*.

6 What follows is a necessarily brief summation of a position elaborated more fully in Patrick Ongley, 'Reshaping the Division of Labour: Work and Class in New Zealand Since the 1980s', Unpublished PhD thesis, Victoria University of Wellington, 2011, pp. 130–162.

In keeping with the theme of this journal, we can usefully view class from the perspective of connections, as class is one of the fundamental axes by which people are connected to and divided from others. In the Marxist tradition, and in the sociology of class more generally, classes are not discrete hierarchical categories, but groups which are defined in relationship to each other. For Marx, the fundamental class relationship in capitalism was between capital and labour – between owners and non-owners of the means of production. This was an exploitative relationship in that the economic prosperity of those who employed the labour power of others came at the expense of those who provided the labour. It was also a dynamic relationship in that it was the source of struggles over conflicting interests which would shape the development of capitalism and eventually bring about its demise. In this sense, the class relationship connects not only capital and labour but also past, present and future. Marx's contention that 'the history of all hitherto existing society is the history of class struggles' may be somewhat sweeping and reductionist, but it does highlight the role of class struggles in the emergence of capitalism and anticipates the role capital-labour relations have played in shaping its development since Marx's time. As we will see shortly in the New Zealand context, capitalist societies have developed through a succession of different economic and institutional models shaped by the interplay of class interests and involving shifts in the balance of capital-labour relations. While the capital-labour relation does not explain everything about capitalism, we cannot reach an adequate understanding of the history or current configuration of capitalism without it.

While Marx focussed on the relationship between capital and labour, he acknowledged the existence of other intermediate and transitional classes, and the fragmentation of interests within classes. However, these divisions were secondary to the fundamental divide between capital and labour, and would not prevent society polarising into 'two great hostile camps' with the progressive concentration of capital and immiseration of labour. Contrary to this expectation, capital ownership in fact became more dispersed with the development of joint stock companies, and labour became more fragmented with increasingly complex and hierarchical divisions of labour. While the capital-labour relation remained the defining feature of the capitalist mode of

production, the ground between the ‘hostile camps’ was occupied by a proliferating middle class as the ‘old middle class’ of independent producers and merchants (the ‘petty bourgeoisie’) was joined by a burgeoning ‘new middle class’ of salaried managers, professionals and other white-collar workers who neither owned the means of production nor identified with the industrial working class.

Changes in class structure and their implications for class consciousness and class struggle became the subject of much attention from Marxist scholars, particularly in the latter half of the twentieth century. Of these, arguably the most convincing and influential has been Erik Olin Wright.<sup>7</sup> Wright conceptualises middle-class or intermediate positions as contradictory or privileged locations within class relations. These relations are still centred on ownership of the means of production, which gives us the three basic categories of capitalists, workers and petty bourgeois (owners who don’t exploit labour). But Wright additionally identifies contradictory or privileged positions among non-owners based on levels of authority and expertise (or skill). The higher workers rank on these axes, the more power they have over other workers (in the case of managers) and the greater the share of the surplus they can claim in the form of higher remuneration (in the case of both managers and professionals). These three criteria of ownership, authority and expertise can be used to differentiate a variable number of class locations for different research purposes.

Importantly, these categories are described as *class locations* (or locations within class relations) rather than actual *classes*. Class locations – which together constitute a class structure – are sets of objective positions in production relations, which do not necessarily represent either actual or latent social classes with a shared consciousness and the capacity for collective action. Contrary to the traditional Marxist view, Wright does not presume that people in similar locations in the class structure will inevitably develop a class consciousness which will duly result in class action to advance their interests (as in the transition of a ‘class in itself’ to a ‘class for itself’). Rather, he sees class structure

7 Wright’s position has evolved over a long period. The following is based on his later work, especially Erik Olin Wright, *Class Counts*, Cambridge 1997.

as constraining the possibilities for class formation, meaning that shared consciousness and organisation are more likely to occur among people in proximate class locations who share similar conditions of existence and material interests. The extent to which that occurs is not a matter for theoretical supposition but depends on human agency in specific local and historical circumstances.<sup>8</sup>

Here, Wright's perspective can be usefully complemented by Weberian and Bourdieusian insights to show that class formation is not just based on awareness of common economic interests, but also has strong social and cultural dimensions. The Weberian perspective highlights that class formation is more likely to occur where there is low social mobility and people therefore have a continuity of association with particular class locations over time, possibly over several generations. And Bourdieu shows that class formation also involves practices of symbolic classification, whereby people establish their affinity with or distance from others on the basis of cultural distinctions manifested in consumption and lifestyle. These social and cultural dimensions of class can enhance people's sense of connection with others in similar class locations and their sense of difference from those in disparate class locations, thereby increasing the possibilities for class consciousness and class mobilisation in the Marxist sense.

The possibilities for class formation also depend on the strength of other cross-cutting forms of social differentiation, particularly gender and ethnicity. Because capitalism has historically utilised the labour of women and colonised, enslaved

8 Although in broad agreement with Wright's position, I do use the term 'class' to refer to aggregations of people in similar class locations in order to avoid more cumbersome terminology, but this does not assume anything about the extent of class formation within these categories. Applying Wright's criteria of ownership, authority and expertise, I use a simple three-class distinction between a capitalist class (who own or control the means of production), a middle class (owners who work on their own account and non-owners in managerial or professional positions), and a working class (non-owners in non-managerial and sub-professional jobs). These categories refer to people engaged in production relations, while others will have indirect attachments to class locations based on either their previous employment (retired or jobless workers), their current prospects (tertiary students or new jobseekers), or the class location of their 'breadwinner' (dependent children or spouses).



or migrant ethnic groups for certain types of work (both paid and unpaid), and because the ideological legitimations for this have persisted to some extent, these groups have become concentrated in particular positions within production relations. But people of the same gender or ethnicity do not all share the same class position – they are divided by class, just as classes are divided by gender and ethnicity. Inequality in capitalism is multi-dimensional, and people may experience multiple disadvantages, or may be in contradictory positions, disadvantaged in some respects and advantaged in others. This inevitably means some fracturing of the commonalities of class. The experiences and subjectivities of working-class Pākehā men, for instance, may be quite different from those of working-class Māori women. And in situations where gender and ethnicity are more significant than class in shaping people's material circumstances and identities, this may diminish the possibilities for class consciousness and class formation. But again, the extent to which this occurs cannot be theoretically determined: the ways in which class, gender and ethnicity inter-relate will vary in different contexts.

The sense that class consciousness and class formation have diminished in developed capitalist societies has stimulated considerable debate about the 'death of class'.<sup>9</sup> Some commentators and theorists contend that economic and socio-cultural changes have rendered class largely irrelevant as a basis for individual identity, social differentiation and collective organisation. Economically, the fragmentation of the great classes of capital and labour, the decline of industrial production and the industrial working class, and increasing insecurity and transience in employment are said to have eroded the bases of traditional class identities and allegiances. It is also argued that these changes have been accompanied by socio-cultural shifts which have increased the salience of non-class differences such as gender and ethnicity, and reflexive individualised identities based on consumption and lifestyle rather than economic situations. Much of the criticism of class theory has been associated with a rejection of Marxism and what is seen as its outmoded pre-occupation with class. This

9 Jan Pakulski and Malcolm Waters, *The Death of Class*, London 1996; Paul Kington, *The Classless Society*, Stanford CA 2000; David Lee and Bryan Turner, eds., *Conflicts About Class*, London 1996.

includes post-Marxist thinkers who eschew Marxism's orthodox focus on the working class – particularly the industrial proletariat – as an agent of emancipatory struggle, in favour of more pluralistic understandings of the antagonisms within capitalism and sites of anti-capitalist resistance.<sup>10</sup>

While there is undoubtedly some justification for arguing that class has changed in character and declined in significance, it is something of a leap to say that class is dead or no longer of any relevance. Class structures and composition have changed; patterns of social differentiation have become more complex and multi-dimensional; and class consciousness and collective action have diminished. But there is plenty of empirical evidence to show that class still matters in people's lives – in terms of relations in the workplace, material wellbeing, life chances, patterns of social affiliation and political orientations.<sup>11</sup> More widely, the conflicting interests of capital and labour continue to generate collective struggles over economic resources and political power. To say that class matters is not to attribute it with any primacy over other forms of social differentiation or to say that it necessarily matters more than other axes of inequality such as gender or ethnicity. Rather, it is to recognise that class remains an important dimension among multi-dimensional relations of exploitation, domination and conflict within capitalism. Class will continue to matter as long as there are material inequalities deriving from relations of production and divisions of labour. And given the growth and entrenchment of such inequalities over recent times, it remains particularly relevant today.

## The past: a brief history of class before neoliberalism

When it comes to looking at the realities of class in New Zealand, we are somewhat constrained by the lack of empirical research

10 Ernesto Laclau and Chantal Mouffe, *Hegemony and Socialist Strategy*, 2nd ed., London 2001; Michael Hardt and Antonio Negri, *Multitude*, New York 2004.

11 Erik Olin Wright, *Understanding Class*, London 2015, pp. 139–156; John Scott, 'Social Class and Stratification in Late Modernity', *Acta Sociologica* 45/1 2002, pp. 23–35.

on the topic. The low profile of class in the popular imagination is reflected in a lack of significant interest from academics and researchers – particularly in recent years.<sup>12</sup> This means we have little robust evidence of the extent of class-based inequalities, the lived experience of class and the subjective dimensions of class formation. We can, however, construct a broad narrative of the development of class relations and class structures and their implications for class formation, and from this discern the ways in which class connects us to each other and to our past and future.

Class relations in contemporary New Zealand resemble those in most other developed western capitalist nations, particularly those where employment is concentrated in services rather than production and where neoliberal economic and institutional models prevail. However, the course New Zealand has followed to this point is somewhat distinctive owing to its colonial history and agricultural foundations – having more in common with other settler societies than with the industrial homelands of Europe. The course of capitalist development in New Zealand, as elsewhere, has been one of both incremental change and periodic upheavals. Incremental change has been driven by the expansion and rationalisation of capitalist production – increases in the scale of production and consumption, commodification of more and more goods and services, and development of the forces of production through new technologies and labour processes. During the course of this evolution there have also been periods of more abrupt and acute upheaval, when capitalism’s periodic crises have prompted significant economic restructuring and institutional reform. Such episodes of crisis and renewal usher in new phases in the histories of capitalist economies – or new modes of development, characterised by important shifts in the nature of production and regulation, and consequently in class structures and class relations.<sup>13</sup>

12 For a review of the literature see Charles Crothers, ‘The New Zealand Literature on Social Class/Inequality’, *New Zealand Sociology* 28/3 2013, pp: 255–89.

13 This perspective is broadly derived from regulation theory. See Robert Boyer and Yves Saillard, eds., *Régulation Theory*, London 2002; Bob Jessop and Ngai-Ling Sum, *Beyond the Regulation Approach*, Cheltenham 2006.

We can identify four distinct periods in New Zealand's economic history, separated by major crises in the 1880s, 1930s and 1970s. These were all global crises which had major effects on New Zealand due to our integration in global networks of trade and finance. The responses to each of those crises gave rise to new modes of development which mirrored shifts in other capitalist economies, while also following distinctive paths based on local circumstances and the outcomes of local struggles between class interests. Today we are mired in the aftermath of another global crisis which may yet prove to be a catalyst for a new transformation. As yet that does not seem imminent, but history suggests this could be a pivotal moment.

### *Origins: 1840–1890*

The colonial period laid the foundations for the development of capitalism in New Zealand. In Marxist terms, this was a period of primitive accumulation, in which the pre-conditions for capitalist production were established through appropriation of Māori land by various means and the creation of a class of wage labourers from the ranks of landless immigrants and some dispossessed Māori. The New Zealand Company sought to replicate the class relations of Britain by pricing land at a level beyond the reach of most immigrants, thereby compelling them to work for wages before they could afford to buy land, while also using the proceeds of land sales to fund further immigration of workers, thus ensuring capital had an adequate supply of labour.<sup>14</sup> Wage labour was required not only for agriculture but also for industries servicing the agricultural sector and the growing settler society: public works projects which opened up land and developed infrastructure; small-scale processing and manufacturing operations which supplied local markets with producer and consumer goods; and mercantile, transport and financial services which facilitated circulation of goods and capital.<sup>15</sup> While much of this activity was performed

14 A plan described with grudging admiration by Marx (*Capital*, Volume 1, Harmondsworth 1976, pp. 931–940).

15 W.J. Gardner, 'A Colonial Economy', in Geoffrey Rice, ed., *The Oxford History of New Zealand*, 2nd ed., Auckland 1992; Jim McAloon, 'The New Zealand Economy, 1792-1914', in Giselle Byrnes, ed., *The New Oxford History of New Zealand*, Melbourne 2009.

by capitalist enterprises employing wage labour, there was also significant petty-commodity production by small farmers, miners, traders and storekeepers who utilised only their own labour and sometimes that of unpaid family members.

By the late nineteenth century we therefore had the emergence of a nascent class structure consisting of a politically dominant capitalist class of large landowners, merchants and financiers; a middle class mainly comprising petty-commodity producers along with relatively small numbers of managerial and professional workers; and a numerically predominant working class of manual labourers in agriculture, construction and manufacturing, along with non-manual wage-earners in urban service industries and domestic service – the latter being the main form of employment for women.<sup>16</sup> It is difficult to gauge the degree of class formation in colonial New Zealand. Despite the relatively open nature of settler society, class boundaries still marked important differences of culture and status.<sup>17</sup> However, working-class consciousness and collective organisation seem to have been relatively low, no doubt reflecting the distinctive circumstances of settler colonialism.<sup>18</sup> Settlers generally aspired to better their situation not through collective organisation with fellow workers but by acquiring their own land or businesses, and there was a sense that this was possible in a society with a more egalitarian ethos and less rigid social boundaries than Britain. The fostering of collective consciousness and organisation was in any case difficult in a frontier society where much of the labour force was transient and/or dispersed across small enterprises in rural areas and small towns. While unions for skilled tradespeople began to form in the

16 Because of differences in social status between manual and non-manual workers at this time, the latter are often categorised by historians and sociologists as middle class, and may well have regarded themselves as such. However, in terms of their objective positions within production relations there is no substantial difference between low-skilled white-collar and blue-collar workers.

17 James Belich, *Making Peoples*, Auckland 1996, pp. 313–337.

18 This has led some historians to downplay the significance of class in colonial New Zealand, but others have argued that class divisions were nonetheless very real. See Erik Olssen, 'The Working Class', *New Zealand Journal of History*, 8 1974, pp. 44–60; Jim McAloon, 'Class in Colonial New Zealand', *New Zealand Journal of History*, 38 2004, pp. 3–21.

1860s and for semi-skilled and unskilled workers in the 1870s, their coverage and strength was limited.<sup>19</sup>

Class divisions were brought more into focus with the onset of the Long Depression which lasted from the late 1870s to the early 1890s and like subsequent crises was felt most severely by working people. The depression brought rising unemployment, deteriorations in working conditions (including sweated factory labour) and growing economic hardship for workers. It also brought increasing levels of unionisation and industrial action – including the country’s first major industrial dispute in the Maritime Strike of 1890. And it eventually brought about the election of the country’s first great reforming government, the Liberals, whose broad constituency included significant working-class support.

### *Consolidation: 1890–1935*

The reform programme of the Liberals launched the next stage of capitalist development in New Zealand, based on consolidation of the pastoral economy and economic dependence on Britain as the major export market and source of finance capital. While the Liberals were not a class-based party, their labour and land reforms did seek to redress imbalances in class relationships which threatened economic development.<sup>20</sup> The labour reforms were partly motivated by concerns about the iniquities of an unregulated labour market, but also sought to minimise disruptive conflict between capital and labour. They gave the state a more active role in mediating capital–labour relations, first by regulating working conditions and then by centralising bargaining and dispute resolution under the Industrial Conciliation and Arbitration Act of 1894, which encouraged unionisation of workers while also restricting their ability to take industrial action.<sup>21</sup>

19 John Deeks, Jane Parker, and Rose Ryan, *Labour and Employment Relations in New Zealand*, 2nd ed., Auckland 1994, pp. 35–39.

20 Len Richardson, ‘Parties and Political Change’, in Geoffrey Rice, ed., *The Oxford History of New Zealand*, 2nd ed., Auckland 1992.

21 Deeks et al, *Labour and Employment Relations in New Zealand*, pp. 39–48.

Meanwhile, land reforms sought to break up large estates and encourage smaller-scale intensive farming, favouring small capitalist and petty-commodity producers at the expense of large landholders who had tied up much of the productive land during the colonial period. It also came at the expense of Māori, who had more of their land appropriated for capitalist production and faced further economic marginalisation. The development of refrigerated shipping gave more impetus to small-scale intensive farming, allowing the export of meat and dairy products in addition to the previous staple of wool. This in turn stimulated an expanding and increasingly specialised social division of labour surrounding agricultural production, including primary product processing industries, producer and consumer service industries, and a growing public sector.<sup>22</sup>

With the expansion of capitalist production, population growth and urbanisation, the settler society became a settled society and the nascent class structure of the colonial period consolidated, but with some important shifts between and within the major class groupings. The capitalist class was still dominated by the allied interests of farmers, merchants and financiers, but the power of large landowners declined, while the interests of industrial capital were held in abeyance.<sup>23</sup> Meanwhile the middle class expanded considerably, mainly due to growth in the 'new middle class' of urban managers and professionals, while the 'old middle class' of petty-commodity producers was bolstered by growing numbers of small farmers, but otherwise declined as larger capitalist enterprises became more dominant. Despite middle-class growth, the working class remained numerically predominant, while also becoming more urbanised and more diverse. Farm labour was increasingly displaced by owner-occupied farming and mechanisation, but new jobs emerged in processing and other secondary industries in towns and cities, along with significant growth in white-collar employment, particularly in clerical and

22 Tom Brooking, 'Economic Transformation', in Geoffrey Rice, ed., *The Oxford History of New Zealand*, 2nd ed., Auckland 1992.

23 Warwick Armstrong, 'New Zealand: Imperialism, Class and Uneven Development', *Australian and New Zealand Journal of Sociology*, 14/3 1978, pp. 297–303.

retail work, and particularly among women.<sup>24</sup>

Urbanisation was conducive to class formation in that larger and more stable communities and workplaces provided more fertile ground for class-based patterns of association, identification and solidarity. Belich describes the early part of the twentieth century as 'the making of the New Zealand working class'.<sup>25</sup> This period saw increasing levels of unionisation and strike action – including significant confrontations between capital and labour in the Blackball miners' strike of 1908, the Waihi miners' strike of 1912 and the general strike of 1913. The formation of the Federation of Labour in 1909 and the Labour Party in 1916 expressed this growing consciousness and a desire for national organisation and advancement of working-class interests. The unrest reflected the fact that workers didn't share equally in the benefits of the long boom at the start of the century when wage growth was constrained while farmers, merchants and speculators prospered. And when the economy began to falter during the 1920s and eventually foundered in the Great Depression at the end of the decade, working people bore the brunt of the extreme unemployment and hardship that followed.<sup>26</sup> But again the interests of working people were instrumental in the election of a reforming government which would usher in a different model of capitalism and another era of prosperity – this time one that was more widely shared.

### *Compromise: 1935–1984*

The first Labour government, like the Liberals in the 1890s, came to power during a major crisis in capitalism and set about a reform programme which sought to address class-based inequalities and steer a new course of economic development. Its solution resembled those adopted in other developed capitalist economies in the wake of the Depression and later the Second World War. Labour was more of a working-class party than the Liberals, but it sought a class compromise rather than a socialist alternative –

24 Erik Olssen and Maureen Hickey, *Class and Occupation*, Dunedin 2005, pp. 91–115; David Pearson and David Thorns, *Eclipse of Equality*, Sydney 1983, pp. 39–47.

25 James Belich, *Paradise Reforged*, Auckland 2001, pp. 133–146.

26 Brooking, 'Economic Transformation'.



a fairer form of capitalism with a broader economic base, a more equitable distribution of income and a more beneficent state. The labour movement forsook militancy in return for wage growth, full employment and expanding social welfare; capital forsook a degree of commercial freedom and profit in return for a more compliant workforce and more affluent consumers; and the state maintained the compromise through interventionist economic management, centralised wage bargaining and social expenditure.<sup>27</sup> The benefits of the compromise could only be realised through diversification of the economy – while agriculture continued to dominate the export trade, industrialisation was required in order to stimulate domestic production and employment. This was achieved through a combination of import controls and demand management policies which encouraged manufacturing of import substitutes for expanding domestic markets.<sup>28</sup> Consequently, secondary-sector employment grew rapidly in the two decades after the Second World War, also stimulating considerable growth in producer and consumer service industries, while the public sector expanded to meet its increased role in economic management and social development.

Structural economic changes also entailed shifts in the class structure. Within the capitalist class industrial capital, which had previously been subordinate to agrarian interests, assumed more power due to its critical role in the new economic model. The ranks of the capitalists also included growing numbers of executives and directors who controlled, rather than owned, the means of production, due to the growth of publicly-owned companies and other large businesses run by managers rather than owners. This also involved expansion in lower managerial employment which, along with continuing growth in the professions, bolstered the ranks of the ‘new middle class’. Meanwhile the ‘old middle class’ of petty-commodity producers dwindled as capital became more concentrated and large businesses took increasing market shares. But perhaps the most significant consequence of industrialisation was the emergence for the first time of a significantly sized and

27 Bruce Jesson, *Fragments of Labour*, Auckland 1989, pp. 14–21.

28 Gary Hawke, ‘Economic Trends and Economic Policy, 1938–1992’, in Geoffrey Rice, ed., *The Oxford History of New Zealand*, 2nd ed., Auckland 1992.

relatively powerful industrial working class. And the ranks of the working class were also joined by growing numbers of routine white-collar workers involved in the increasingly complex administration of production, services and government.

All this was accompanied by significant demographic change in the urban working class as excess demand for labour in secondary industries resulted in large-scale labour migrations of Māori from rural New Zealand and people from Pacific island nations, as well as increases in immigration from Britain and Europe. Labour force participation among women was also increasing – mainly in lower professional, clerical and retailing work but also in manufacturing. Class divisions were therefore becoming increasingly complicated by the intersecting divisions of ethnicity and gender. This may have inhibited the development of class consciousness and class formation, but on the other hand the increasing concentration of workers in larger workplaces – particularly industrial plants – along with compulsory unionism and industry-level collective bargaining meant this was a period when the collective power of labour was perhaps stronger than at any other time in New Zealand’s history.

The path set by the Labour government in the 1930s was followed by both Labour and National governments in the post-War years up until the 1970s, and for most of that period provided steady economic growth, full employment and rising incomes – helped by favourable international conditions.<sup>29</sup> That changed in the early 1970s with the onset of another global economic crisis and deterioration in New Zealand’s export markets. Domestically the class compromise collapsed as capital sought to constrain wage growth in the face of declining profitability, and organised labour responded with increasing industrial action. The 1970s saw the end of full employment and real wage growth, along with plummeting growth rates and rising public debt. The National government of the late 1970s and early 1980s pursued highly interventionist strategies in attempting to manage and spend its way out of the crisis, but its failure set the scene for the neoliberal revolution which was to follow.

29 Brian Roper, *Prosperity for All?*, Southbank 2005, pp. 121–137.

## The present: class in the age of neoliberalism

### *Capital strikes back*

The neoliberal project, both here and overseas, is often portrayed as a reassertion of the power and privilege of the capitalist class in reaction to the strength of organised labour and the gains achieved in working conditions, wages and welfare during the post-War decades.<sup>30</sup> Whether or not this was the intention, it certainly favoured the interests of capital over those of labour. Internationally, the neoliberal prescription for reviving an ailing global capitalism was the liberalisation of flows of trade and finance, and this meant the viability of national economies depended on being globally competitive, which was seen to require prioritising the interests of capital. Within these parameters there was some variation in the models adopted by different nation states, but New Zealand opted for a strongly market-oriented model similar to those already being implemented in the USA and UK.<sup>31</sup> This meant the role of the state shifted from interventionist economic management to providing conditions for the efficient operation of markets, in which businesses competed locally and globally through innovation and efficiency – a key part of which was reducing labour costs. It also meant abandoning the protected mass production industries that had sustained the previous growth model, in favour of more flexible and specialised production, along with producer and consumer services, and speculation in property and finance.

In New Zealand we had the paradoxical situation of the free-market neoliberal project being initiated by what was supposedly the party of workers (Labour) in reaction to the failed interventionist policies of what was supposedly the party of business (National). The Labour government was not itself motivated by the interests of capital but was reacting to an economic crisis which required a radical response, and allowed its strategy to be driven by increasingly militant business interests

30 David Harvey, *A Brief History of Neoliberalism*, Oxford 2005; Roper, Prosperity for All?

31 Robert Boyer, 'How and Why Capitalisms Differ', *Economy and Society* 34/4 2005, pp. 509–57.

and like-minded bureaucrats in key government agencies.<sup>32</sup> The main elements of the reforms are by now very familiar: deregulation of product and capital markets to enable freer flows of commodities and finance; reform of the state sector through corporatisation, privatisation and restructuring; tight monetary policy focussed exclusively on inflation control; restraints on government spending and corresponding reductions in taxation; and labour market deregulation to encourage flexibility and individualisation of employment relationships.<sup>33</sup> Labour's residual allegiance to its working-class constituency at least deterred it from radical labour market and welfare reforms, but these key elements of the neoliberal agenda were pursued with alacrity by the National government which succeeded it in 1990. Subsequently the Clark Labour government made some regulatory and social policy adjustments in an effort to mitigate some of the iniquities of earlier reforms, but left the fundamentals of the neoliberal model firmly intact. More recently, the Key National government has pursued an unequivocally neoliberal agenda including further cuts to welfare provisions and worker protections. The global financial crisis exposed the failings of the neoliberal model, in particular the consequences of financial deregulation and income inequality, but governments have been reluctant to seriously address these issues and neoliberalism remains firmly embedded, in New Zealand as elsewhere.<sup>34</sup>

While the neoliberal project generally benefitted capital, it had contrasting effects on the productive and financial sectors. In the productive sectors, farmers lost much of their state assistance, while manufacturers lost most of their import protections and export incentives. In combination with rising interest rates and contracting domestic markets, this resulted in many farm sales, business closures and redundancies early in the restructuring period. Subsequent rationalisation of agriculture and refocussing of manufacturing on niche export markets has allowed some producers to prosper, but they remain far more exposed to global competition

32 Jesson, *Fragments of Labour*.

33 Jane Kelsey, *The New Zealand Experiment*, Auckland 1995.

34 Jane Kelsey, *The FIRE Economy*, Wellington 2015; Brian Roper, 'The Fifth (Key) National Government's Neoliberal Policy Agenda', *New Zealand Sociology* 26/1 2011, pp. 12–40.

and market fluctuations than they were before liberalisation. By comparison, liberalisation was very beneficial to the financial sector which was comprehensively deregulated early in the piece, freeing up the movement of capital and integrating New Zealand into global financial markets. The formidable profits to be made from ‘casino capitalism’ at a time when productive industries were struggling for profitability saw investment being diverted from production to speculation and the emergence of what has been called “the FIRE economy” – built on finance, insurance and real estate.<sup>35</sup> While this has greatly enriched a few, it has not enhanced the wellbeing of most, doing little to stimulate production and employment, while increasing inequality and instability.

Similarly, while neoliberalism has generally had adverse effects on labour, this has not been universal: many workers have experienced loss of employment, job security and income – particularly the low-skilled – while others with more marketable skills and stronger bargaining positions have fared relatively well. Competitive pressures to reduce labour costs and utilise labour more flexibly resulted in fundamental revision of the relationship between capital and labour by means of the Employment Contracts Act and its slightly watered-down replacement, the Employment Relations Act. This encouraged individualisation of employment relations and gave employers greater flexibility in how they engaged and remunerated workers, weakening the collective organisation and bargaining power of workers, and constraining wages and conditions.<sup>36</sup> This had especially severe consequences for the most vulnerable workers – the low-skilled, the casual workers, those in small and non-unionised workplaces – in a market where the supply of low-skilled labour greatly exceeded demand. It was not so much the case for skilled workers, particularly those who could command a premium for scarce professional and technical expertise. Therefore, in addition to redistribution of income from labour to capital, there was also redistribution of income among workers, from the less-skilled to the more highly skilled. Moreover, the upwards redistribution of income was accentuated by a fiscal policy of reducing government spending in favour of a lower and

35 Kelsey, *The FIRE Economy*.

36 The Employment Relations Amendment Act 2014 has recently introduced further deterrents to collective bargaining and industrial action.

flatter taxation regime, meaning less money was redistributed to low-income earners through social expenditure, and more retained by businesses and high-income earners through tax cuts. Additionally, monetary policy which prioritised price stability over employment resulted in high interest rates which ensured good returns for those with financial assets at a time when wages were being restrained. Consequently, New Zealand experienced one of the most rapid increases in inequality in the developed capitalist world in the early years of the neoliberal regime, the legacy of which persists today.<sup>37</sup>

### *Restructuring class*

There have been some significant shifts in class structure during the neoliberal period. These are partly a continuation of long-term movements from working-class to middle-class employment (particularly the professions and management), and shifts within the working class from blue-collar to routine white-collar and service work. These longstanding trends reflect the fact that expansion in material production tends to generate even greater expansion in the division of labour surrounding production – the work of managers, experts, clerks, salespeople and so on – as well as the fact that within production technological change increasingly replaces human labour with machinery. Even as New Zealand industrialised after the Second World War, the majority of job growth was actually in service industries and white-collar work. Long-term trends can also be accentuated or disrupted by episodes of economic restructuring, when the sectoral distribution of production and the nature of production processes change, often in concert with new technological developments. This was certainly the case with the neoliberal restructuring project which removed support for mass production industries in favour of financial and service industries and less labour intensive manufacturing – with information technologies being instrumental in the development of new products and production processes. In terms of employment, this was a process of creative destruction: it destroyed vast numbers of jobs in production industries, particularly among semi-skilled

<sup>37</sup> Max Rashbrooke, 'Inequality and New Zealand', in Rashbrooke, ed., *Inequality*; Kelsey, *The FIRE Economy*, pp. 86–94; Bryan Perry, 'Household Incomes in New Zealand', Ministry of Social Development 2015.

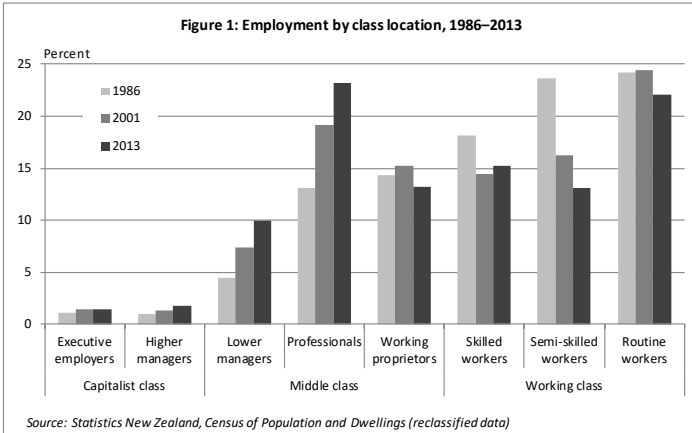
and routine manual workers, while subsequent job creation was concentrated in different sectors and in different kinds of jobs – predominantly in producer and consumer service industries and in professional and managerial occupations as well as routine white-collar and service jobs.<sup>38</sup>

The effects on class structure between 1986 and 2013 can be seen in Figure 1.<sup>39</sup> This is a distribution of the employed population by structural class location and, as per the earlier discussion on Wright's class model, it makes no assumptions about the degree of class formation among these categories. Because it excludes those with a marginal attachment to the workforce – the unemployed and other jobless workers – it may also understate the number of people with an attachment to working-class locations.

The number of people in capitalist class locations (including both owners and higher executives) is very small and although they may have increased their power and share of income over the period, their numbers did not increase greatly. By contrast there was significant growth in middle-class employment, increasing from less than a third to almost half of the workforce between 1986 and 2013. Both the professional and managerial fractions of the middle class grew considerably, while working proprietors declined, accentuating the long-term trend within the middle class towards the professions and management. Professionals accounted for by far the largest share of middle-class employment by 2013 and within this group there was also upward movement, with faster growth rates in higher professional fields such as information technology, management consultancy, medicine, tertiary teaching, law and accountancy. Similarly there was an upward trend among managers, from operational to corporate management roles in fields such as finance, human resources, marketing and communications. So not only did middle-class growth indicate increasing skill levels within the workforce as a whole, but the middle class itself was becoming more skilled.

38 Ongley, 'Reshaping the Division of Labour', pp. 103–129.

39 This is based on a reclassification of Census data on occupation and employment status. Like Wright's class model it uses classificatory criteria of ownership, authority and skills, but the categories are somewhat modified. For a more detailed explanation see Ongley, 'Reshaping the Division of Labour', pp. 144–155, 235–237.



The converse of middle-class growth was a decline in the relative size of the workforce in working-class jobs. While the shift from working-class to middle-class employment has been a long-term historical trend, it was greatly accentuated in this period by the devastating effects of restructuring on production industries and therefore on blue-collar production jobs. As the economy recovered there was some growth in working-class employment but at a relatively modest rate and more in service industries than production industries. The more recent job losses resulting from the global financial crisis were also disproportionately in working-class jobs, particularly in construction and retailing. Figure 1 shows that over the full period the greatest decline in working-class employment was in semi-skilled jobs, a category which includes many of the plant-operating and assembly jobs which were most severely affected by the demise of manufacturing. Routine work – which includes many low-skilled service jobs – held up more strongly initially and despite a subsequent fall now makes up the largest proportion of working-class employment.

This has also involved a shift from blue to grey-collar jobs, as shown in Figure 2. Grey-collar jobs are those which don't fit into the traditional blue and white-collar categories, mostly low-skilled service work in occupations such as cleaning, caregiving, and fast-food and restaurant work. This has been by far the fastest growing area of working-class employment since the 1980s, mirroring the



decline in blue-collar production work. While blue-collar work may represent the traditional image of working-class employment, it now accounts for just over a third of working-class jobs. White-collar occupations – mostly clerical and sales jobs – also account for about a third, as they did in the 1980s. The trend towards routine and grey-collar jobs in the working class has probably also involved a deterioration in the quality of employment as these types of work tend to have inferior conditions of employment, including lower pay, less regular hours and less job security. Many of these jobs could be classed as precarious work, and the increase in this type of employment in capitalist economies under neoliberalism has led some to suggest the emergence of a new class dubbed ‘the precariat’.<sup>40</sup> This is questionable for both empirical and conceptual reasons – empirically because it tends to overstate the growth in genuinely precarious work; and conceptually because people in this kind of work are not distinct from the working class but share similar positions in production relations and similar material interests.<sup>41</sup> Nevertheless, in New Zealand as in other market-oriented economies there are significant numbers of highly exploited and vulnerable workers whose situation owes much to the drive to cut labour costs and improve flexibility in deregulated labour markets.<sup>42</sup>

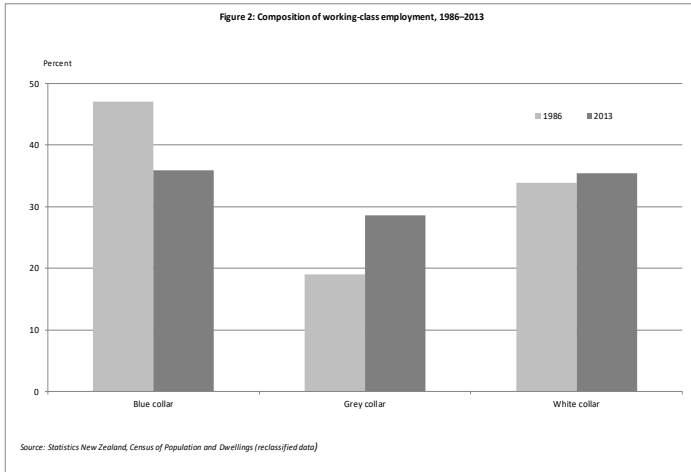
So overall there has been something of a divergence of employment in the neoliberal era: an upward shift from working-class to middle-class employment has been accompanied by upward movement within the middle class and downward movement within the working class. This is likely to have contributed to the growth of income inequality, although it is difficult to quantify this. While working-class employment has been declining and changing in character, it is far from endangered. By 2013 half the workforce were still in jobs that could be objectively categorised as working class in that they lacked ownership of the means of production and the advantages of managerial and professional positions. If we

40 Guy Standing, *The Precariat*, London 2011; Mike Savage, *Social Class in the 21st Century*, London 2015.

41 On empirical evidence for precarity see Kevin Doogan, *The New Capitalism?* Cambridge 2009; on the precariat as a class see Jan Breman, ‘A Bogus Concept?’, *New Left Review* 84 2013, pp. 130–38; Erik Olin Wright, *Understanding Class*, pp. 157–173.

42 New Zealand Council of Trade Unions, ‘Under Pressure’, Wellington 2013.

were able to categorise marginally attached workers on the basis of their previous jobs or skills, we would probably find that the proportion of people in working-class locations was still greater. Whether all people in such positions would identify themselves as working class, however, is quite another matter.



### *Class formation*

Paradoxically, while the neoliberal period has seen an accentuation of class inequalities, it has probably also seen a diminishing of class consciousness and the potential for class formation within the working class. Shifts away from blue-collar employment, individualisation of employment relations, and increasing gender and ethnic diversity within working-class employment all tend to weaken collective ties and possibilities for collective action.

Structural shifts within working-class employment have been towards jobs which tend to provide a weaker basis for class formation. Blue-collar jobs, particularly manual production work in large enterprises, have traditionally been the most likely to foster a collective orientation and higher rates of unionisation and industrial action. White-collar or grey-collar jobs are often based in smaller workplaces, with less stable workforces and less opportunity for collective organisation. A lingering status distinction between

blue and white-collar jobs also means some who work in offices and shops may be inclined to differentiate themselves from those who work in factories and on building sites, even if they are materially no better off and their work is just as routinised (possibly more so). Additionally, some lower-skilled white-collar and grey-collar jobs tend to attract people in transitional employment – such as students, new entrants to the workforce, recent immigrants or semi-retired people – who only intend to work in those jobs for short periods and have aspirations or backgrounds which may be more middle class than working class.

Structural changes have been compounded by institutional changes undermining collective organisation and action by workers. Employment relations reforms have been specifically designed to individualise relationships between workers and their employers, in the process discouraging unionisation, collective bargaining and industrial action. They had the desired effect, resulting in huge falls in union membership and work stoppages which, as noted earlier, have tipped the balance in the capital–labour relation further in favour of capital.<sup>43</sup> But additionally the individualisation of that relationship diminishes the sense of collective awareness and affiliation among workers that is central to the process of class formation.

That process has also been complicated by growing gender and ethnic diversity. The workforce as a whole has become increasingly diverse in this period, something which has been particularly pronounced in working-class employment. In terms of gender, women's labour force participation rates have risen significantly as those with children have increasingly combined paid employment with raising families. Women are represented throughout the class structure and have made marked inroads into managerial and higher professional employment – although within these fields they remain under-represented in the top positions and

43 By 2014 just 19 percent of employees belonged to registered trade unions (New Zealand Companies Office, Union Membership Return Report, 2014), and there were just 13 work stoppages, with fewer than 1,500 person-days of work lost (Ministry of Business, Innovation & Employment, Annual Work Stoppage Statistics, 2014).

earn less on average.<sup>44</sup> But the structural shifts within working-class employment have also been gendered shifts, as the declining blue-collar jobs tend to be male dominated, while grey and white-collar jobs tend to have a much stronger female representation and in many cases are female dominated. Meanwhile ethnic diversity has increased as a result of relatively fast growth rates in the Māori and Pacific working-age populations and the liberalisation of immigration policy in the 1980s and 1990s, which increased and diversified migration flows. Māori and Pacific workers have been disproportionately concentrated in working-class jobs – particularly blue and grey-collar occupations – since the post-War labour migrations and, despite increasing social mobility among younger generations, cycles of inter-generational disadvantage have meant they remain over-represented in those types of jobs. And although immigration policy is ostensibly oriented towards attracting skilled workers, many lower-skilled migrants arrive through family, humanitarian and temporary migration streams, while even the more highly qualified may find themselves working in lower-skilled jobs at least for a period after arrival.

The division of classes by gender and ethnicity is not just a demographic matter but also a social and political one, as gender and ethnic differences have become more focal in terms of identity and mobilisation around issues of equity and social justice. These issues cut across class boundaries and have gained more prominence at a time when class consciousness and mobilisation have been on the wane, so may further weaken the bonds of class and the salience of class identities and politics. But this does not mean that the material inequalities of class are any less significant.

44 Statistics New Zealand, 'Women at Work: 1991–2013', Wellington 2015.

## The future: class beyond neoliberalism

We may currently be at something of a crossroads in the history of capitalism, which could alter the course of its development and have important ramifications for class structures and class relations. Major crises within capitalism have historically been followed by periods of restructuring and reform which change the nature of production and the institutional forms governing relations of production. As we have seen, this was the case in New Zealand (as elsewhere in the capitalist world) following the Long Depression of the 1880s, the Great Depression of the 1930s and the crisis of the 1970s. The recent global financial crisis was a comparable event, but as yet it has not precipitated the end of neoliberalism nor even forced significant change to that model. This is not to say that it won't happen. New models of capitalism can take many years to emerge after a crisis, as was the case with the neoliberal model. And although it has now been eight years since the start of the global financial crisis, most capitalist economies including New Zealand's remain in a precarious state, with modest and unstable growth, high levels of public and household debt, persisting joblessness and inequality, continued exposure to the vagaries of global financial markets, and the threat of potentially destabilising crises in Europe and Asia. A further crisis, or even a failure to reinvigorate capitalism by current means, could yet prompt more radical efforts to forge a new economic model. Given capitalism's remarkable history of reinventing itself – and barring a complete collapse in the global economy – any transformation is likely to bring about a new variant of capitalism rather than a post-capitalist alternative. But what shape that might take remains for now entirely conjectural.

As the future of class is inextricably bound up with the future of capitalism, that too is a matter of conjecture. One thing we can be sure of is that class has a future for as long as capitalism has a future. As argued earlier, class is an inherent feature of the capitalist mode of production, and continues to have real effects on people's lives and the nature of capitalist societies. Contrary to the arguments of those who claim that class is dead or dying, it remains very much alive: the entrenchment of neoliberalism despite its culpability for the global financial crisis has been an entrenchment of the power and privilege of capital at the expense

of labour; and the increasing awareness of and opposition to the material inequalities this entails represents a challenge to that order and a potential reassertion of the interests of labour. Even though the language of class tends to be absent from much of the discourse, the underlying issues are essentially class issues.

Despite the uncertainty of the present moment and the inevitable pitfalls of predicting future developments, we can consider three broad scenarios for the future of capitalism and capitalist class relations. The first is the persistence of a neoliberal model which serves the interests of capital at the expense of labour; the second is a return to a less pernicious form of capitalism involving a class compromise; and the third is a more radical transformation to a post-capitalist economy involving a more fundamental revision of class relations. These are scenarios which are not necessarily specific to the New Zealand situation but apply to developed capitalist societies more generally – and in a competitive global economy New Zealand's options are likely to be constrained and shaped by developments in larger economies such as the USA and UK.

Further entrenchment of neoliberalism is likely to see a continuation of current structural trends and imbalances in class relations: further polarisation between an increasingly skilled and well remunerated middle class, and a working class increasingly dominated by service workers in low-skilled, low-paid and often precarious employment; and continued dominance of capital over workers who have limited opportunities for collective organisation and whose wages and conditions are restrained in the interests of cutting production costs and containing inflation. And if the arguments of Piketty's *Capital* are correct, we may see further concentration of capital and inherited wealth, which could further entrench intergenerational inequality and rigidify class boundaries.<sup>45</sup> Ultimately, this model may contain the seeds of its own destruction, both politically and economically. Politically, the unrest seen in the wake of the global financial crisis, manifested most visibly in the Occupy movement but also in the broader tide of concern about inequality, could develop into a more broadly

45 Thomas Piketty, *Capital in the Twenty-First Century*, Cambridge MA, 2014.

based and concerted opposition to neoliberal capitalism. And economically, this model will continue to encourage financial and property speculation by those with money and growing debt among those without, risking a repeat of the global financial crisis, perhaps on an even more cataclysmic scale.

If the neoliberal model is either rejected democratically or collapses from within, we could see some form of class compromise as occurred after the depressions of the 1880s and 1930s. The form this takes would obviously be very different from those times and would be determined by the contestation of class interests. However, in very broad terms we could envisage an alternative to the “FIRE economy” based not on speculation but on the production of high-value commodities in the form of both goods and services for both global and domestic markets. An economy in which workers are viewed not as costs of production to be minimised in the interests of profitability, but as citizens deserving of decent work and decent incomes, and as consumers whose spending stimulates production rather than speculation. Under these conditions we would probably continue to see expansion and upskilling of the middle class, but within the working class we might see better quality employment including a reversal of the trend towards lower-skilled and insecure service work, in favour of more skilled work in both manual and non-manual occupations. Crucially, we might also see some redressing of the imbalances in capital–labour relations, including greater rights and opportunities for workers to organise collectively in pursuit of their interests, and institutional reforms prioritising the wellbeing of people over the unfettered pursuit of profit.

This would not spell an end to capitalist class relations, merely a shift to a fairer form of capitalism. There remains the possibility of a more radical transition to a post-capitalist future in which capitalist class relations are superseded by alternative forms of production relations. Ideas about what shape such a future might take and strategies for achieving it are of course highly contested, but arguably it is more likely to come about through evolutionary rather than revolutionary transformation. Just as capitalist relations of production emerged within and co-existed with the feudal mode of production before becoming dominant, so we could see a transitional shift towards non-capitalist forms of production which are already emergent within capitalism. Alternatives

such as worker co-operatives, social enterprises, community-based production and collaborative peer production networks offer economic models in which productive resources are held collectively rather than exclusively, where production is managed democratically rather than hierarchically, and in which the fruits of collective labour are shared rather than appropriated. While such models still account for a relatively small share of overall economic activity, they are becoming more viable as technological change stimulates information-based production and collaborative networking, and they may gain momentum from disaffection with capitalism's current path of recurring crises, economic insecurity, social polarisation and environmental destruction. Such shifts could in time progress to a point where the capital-labour relation no longer provides the defining characteristic or guiding logic of the economic system – a post-capitalist and post-class future.<sup>46</sup> For now this may seem a distant prospect, but given capitalism's current ills it is not unimaginable.

46 Erik Olin Wright, *Envisioning Real Utopias*, London 2010; Paul Mason, *PostCapitalism*, London 2015.



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