In the previous chapter we focused on what is commonly termed the ‘private sector’ of the Western mixed economies, and no serious attention was given to the state sector or the state’s role in the economy. Similarly, in our analysis of the class structure, we have so far only paid attention to those engaged in the private sector. However, as we indicated in Chapter Four, the state plays an increasingly important role in today’s monopoly capitalism, and this is reflected in the ever-increasing proportion of state employees in the modern work-force. For example, in 1973 20 per cent of the employed population of the United Kingdom were employed by national or local government, and a further 8 per cent in state-owned enterprises such as coal, steel, gas, electricity, the post office, and so on.\(^1\)

At first sight the class situation of state employees might seem to give rise to analytical difficulties. Those employed in administration – national and local civil servants – can in no sense be said to make a profit for their employer; the same is true of the many employed in state services such as health and education (enterprises which we refer to as non-capitals). Even in the case of state-owned enterprises which supposedly charge an economic rate for their goods and services – the post office, the railways, the steel industry, coal, gas, electricity and so on – we often find they operate (either short-term or long-term) at losses which could not be sustained by private industry.\(^2\) Since the majority of state workers are not employed for material gain or profit, how

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can they possibly be said to be exploited? In the previous chapter we demonstrated that managers, administrators and white-collar workers in private productive spheres fulfilling, to varying extents, the function of global capitalist and collective worker, and their class situation can be understood in these terms. This is also true, as we have shown, of those engaged in unproductive areas within the private sector — commerce, finance, property and some services. Unproductive these activities may be in the formal, analytical sense, but they nevertheless perform a necessary function in the total circuit of creation and realisation of surplus value and thus accumulation.

But can the class situation of state employees be analysed within this framework? As we have already noted, the vast majority of state employees are not employed to create a profit, unlike unproductive workers in commerce, finance, and so on. Can the state be legitimately portrayed as having anything to do with private sector accumulation at all — are not the state’s many and varied activities carried out on behalf of the community at large? Our answer to these rhetorical questions would be ‘yes’ in both cases: the class situation of state employees can be analysed within the general framework we have been developing and, in the circumstances of modern monopoly capitalism, the state is an integral part of the capitalist accumulation process. In this chapter, therefore, we shall examine the role of the state in the capitalist economy, and the resulting class situation of state employees.

The nature of the modern state has been the subject of much recent work in politics, economics and sociology; we would mention the work of Poulantzas, Miliband, Gamble and Walton, and O’Connor amongst others. In this chapter we do not claim to develop a comprehensive theory of the modern state in all of its aspects, rather we shall concentrate on some of its characteristic economic activities in order to develop further our model of capitalist economy and the associated class structure.

With the growth of monopoly capitalism the stability of the system comes to depend ever more crucially upon regulation of the relations between capitals, and between