

# The Bureaucrat and the Shoe Salesman *by Samuel T. Francis*

*"Among the many priests of Jove . . . all passed  
muster that could hide  
Their sloth, avarice, and pride."*

—Bernard Mandeville

*The Bureaucratization of the World*  
by Bruno Rizzi, New York: The Free  
Press.

Bruno Rizzi's *La Bureaucratization du Monde*, first published in Paris in 1939 and Part I of which is here translated by Adam Westoby into English for the first time, is the obscure work of an obscure man. A hanger-on of both Communists and fascists, a traveling shoe salesman with little formal education or learning, and a vocal anti-Semite who admired both Adolf Hitler and Leon Trotsky, Bruno Rizzi attracted virtually no serious attention during most of his life and probably deserved less than he received. His book was impounded by French authorities because of its racial slurs; and copies of it have been rare ever since. Its style and contents are not particularly pleasing or original, although some passages are amusing because of the invective that is customary in Marxist polemics. The book created a stir in Trotskyist and dissident Marxist circles in the 1930's, but it has had little influence on sociological thought since its suppression removed it from the reach of most scholars. Why, then, has it been republished at all?

Rizzi's book acquired historical value because it played a part in the dispute within the Trotskyite movement over the nature of the Soviet Union under Stalin. It is Rizzi's argument that what was happening in Western Europe, Russia, and the United States in the 1930's was indeed the collapse of capitalism and bourgeois society. Unlike most Marxists, however, he argued that what was superseding capitalism was not socialism or the rule of the proletariat but a *tertium quid* that he identified as "bureaucratic collectivism," a collectivist

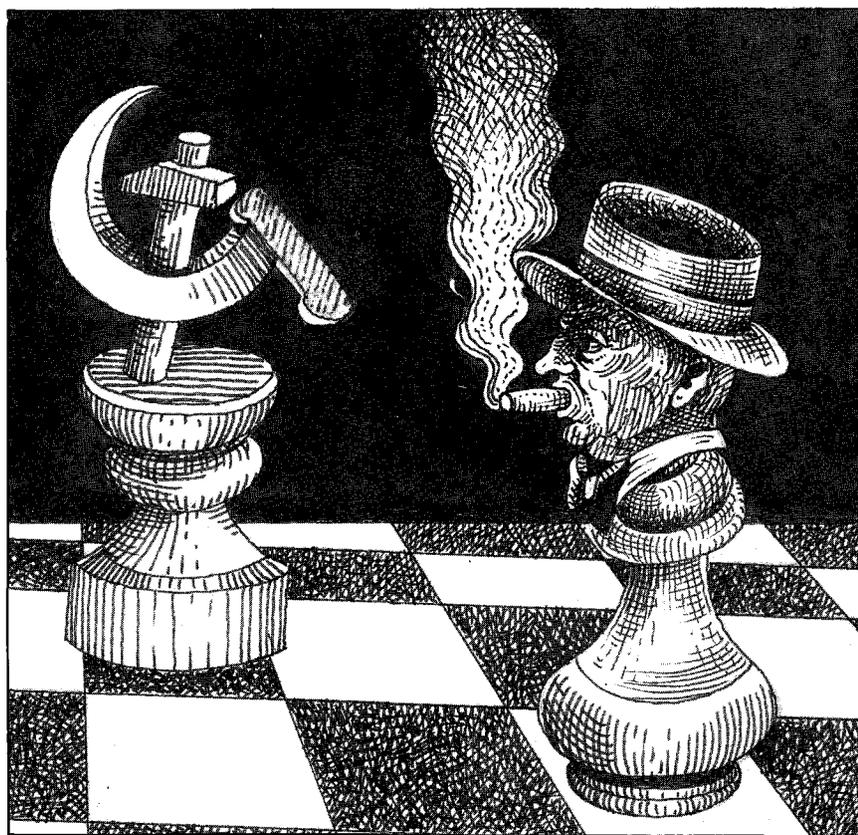
*Samuel T. Francis is the author of Power and History: The Political Thought of James Burnham.*

economy ruled by an elite of state bureaucrats, technicians, managers, and functionaries. Rizzi regarded this system as the underlying unity beneath the apparent differences separating Soviet, Nazi, and New Deal governments, and he predicted its ultimate worldwide development.

Rizzi's thesis excited controversy among Trotskyites because it directly challenged Trotsky's continuing defense of the Soviet Union as a "worker's state," despite its "temporary" deformation by Stalin, and because it challenged also the essential points of Marxist theory. If the capitalist era is ending and if it is being succeeded by a new form of class exploitation, then the Marxist prophecy of a classless social order is wrong. If a new form of exploitation arises that is not based on property but on state power, then the Marxist mode of analysis—its claim

that property and social and economic class based on property are the sources of exploitation—is also wrong. Trotsky and his circle might have ignored Rizzi's challenges, but they could not afford to do so. It was obvious to them that something strange was happening in the Soviet Union that neither Marx nor Lenin could explain, and unless Trotsky could reconcile the rise of Stalinism with some version of Marxist predictions and categories, then the whole body of Marxism would, in a matter of time, be discarded.

Trotsky tried to meet Rizzi's arguments before his murder in August 1940, but the controversy over Rizzi's book might have ended there. However, in 1941 a former disciple of Trotsky, said by some to be his "most brilliant" follower, published a book that argued a thesis very similar to that of Rizzi and which influenced a generation of intellectuals who, in the wake of Stalin, were beginning to abandon Marxism as a source of theory and action. This former disciple was James Burnham, and the book he published was *The Managerial Revolution*.



By the 1950's, when the Hungarian revolution and Milovan Djilas' *The New Class* generated renewed interest in the social and political evolution of Communist systems, Rizzi had generally been forgotten. In 1958 an article appeared in France that cited Rizzi, then believed to be dead, as the source of Djilas' theory. To the astonishment of many, Rizzi turned out to be alive, and he wrote a letter to the editor of the journal where the article about him had appeared in which he bitterly accused Burnham of having plagiarized his ideas. Daniel Bell (a younger member of the Socialist Workers Party at the time that Burnham, Max Schachtman, and others were challenging Trotsky's interpretation of Stalinism and later a co-worker with Burnham in the Congress for Cultural Freedom in the 1950's), gave currency to the charges of Burnham's plagiarism in *The New Leader*. The charge was not invented by Rizzi, however, and it has followed Burnham's reputation like Banquo's ghost ever since.

It is the great merit of Mr. Westoby's

erudite introduction to his edition of Rizzi that this ghost is finally laid to rest. As Bell acknowledged at the time and as Westoby reaffirms, the idea of a bureaucratic transformation of capitalism was "in the air" in the late 19th and early 20th centuries, much as were ideas about flying machines and horseless carriages, and who influenced whom is not always easy to discern, nor indeed worth discerning. The Polish anarchist Waclaw Machajski had developed a similar thesis a generation earlier, as had Thorstein Veblen in his *The Engineers and the Price System* in 1919. The seeds of the idea can be found in Max Weber and Vilfredo Pareto and indeed in Adam Smith and Karl Marx. In the 1930's A.A. Berle and Gardiner C. Means developed a similar thesis in *The Modern Corporation and Private Property*, and by the post-World War II era the idea of a managerial revolution, in one form or another, had become a commonplace, though still rejected by Marxists and the political left.

Not only did Burnham not plagia-

rize Rizzi, it is also probable that Burnham himself influenced the development of Rizzi's ideas. Westoby points out, for the first time, that in 1937 Burnham published an article under a pseudonym, arguing that the Soviet Union was neither capitalist nor socialist but some other kind of political-economic system, that Trotsky had referred and replied to this article, and that Rizzi, though he was unaware of Burnham's authorship, was undoubtedly influenced by Burnham's idea *before* he wrote *The Bureaucratization of the World*.

Anyone who reads both Rizzi's book and Burnham's attentively will see at once that Burnham owed little to the shoe salesman. *The Managerial Revolution*, despite its flaws, is a far more sophisticated, learned, and closely reasoned work than anything Rizzi wrote. There is no apparent similarity of text or style, and Burnham made use of a number of sociological perspectives, especially those of Pareto and Mosca, besides that of Marx.

## REVISIONS

### *From Lima to Tammany Hall*

Many Americans know W.R. Grace & Company as one of the nation's leading chemical manufacturers, with significant holdings in restaurants, retailing, and agriculture. It may come as a surprise to them that the company began in the Peruvian guano trade of the mid-1800's. In *Grace: W.R. Grace & Co., The Formative Years, 1850-1930* (Ottawa, IL: Jameson Books; \$22.50), Lawrence A. Clayton recounts the story of the founding and remarkable rise of this Pan-American company. It is a story as much about Peru and its Latin American neighbors as it is about the dynamic Grace family.

When William Russell Grace first arrived in Peru in 1851 as a young man of 19, he found a backward country, steeped in the superstitions of an Incan past, overlaid with the feudal Spanish traditions brought by the conquistadors. As Peru charted its torturous passage

into the modern world of railroads, electricity, and democracy, few men more decisively influenced its progress than this ambitious young Irishman. During the 1850's, William Grace established himself as a provider of naval stores to the ships carrying loads of guano away from Peru's Chincha Islands. In the years that followed, he boldly expanded his Peruvian-based operations, with the help of his brothers, John and Michael, and his son, Joseph. His diverse enterprises in sugar, rubber, airlines, mining, lumber, and shipping did as much to modernize Peru as they did to enrich the company accounts.

Clayton concedes that, like other multinationals, W.R. Grace & Co. may be charged with "the extension of capitalistic imperialism," since the company's quest for profits did not always enhance the Peruvian culture or serve the Peruvian people. Yet Clayton stresses the pivotal role of W.R. Grace in bringing to Peru "better public services, im-

proved medical care, [and] increased material benefits for the population at large." And it was Michael Grace who guided Peru through a potentially explosive debt crisis in the 1880's by renegotiating the nation's railroad bonds.

Nor was Peru the only nation to benefit from the political initiative of the Grace family. Leaving Michael in charge in Peru, William moved in 1866 to New York, where he won election as mayor in 1880 and led the fight against Tammany Hall corruption. A businessman experienced in dealing with Latin American dictators and in shipping animal wastes came doubly prepared for the world of NYC politics. Readers of Clayton's engaging account of William Grace's relentless struggle for better government may be glad that the family tradition has continued in the person of Peter Grace, the tireless head of the Reagan Administration's Grace Commission on government waste.

Burnham's originality consisted in two daring ideas. First, by adapting the idea of Berle and Means that the modern corporation effects a "separation of ownership and control," a separation between the stockholders (the legal owners of a corporate firm) and its managers, Burnham redefined management to mean those who perform the technical functions of production rather than (as in Berle and Means's theory) those who have acquired legal control. In Burnham's view, those who can perform the technical functions can wrest effective control of the corporation away from stockholders, corporate officials, or others legally entitled to exercise control.

Second, using this functional definition of manager, Burnham argued that the bureaucrats of the modern state, as well as the officials of mass labor unions and the other mass organizations of modern society, perform technical functions analogous to those of the corporate managers, that they too are able to usurp control of their organizations and that they all have a common material interest and a common world view. In short, a new managerial class emerges that seizes power in the state and the economy and becomes a new ruling class.

The managers, in Burnham's theory, make use of collectivist, social engineering ideologies (Marxism, fascism, modern liberalism) to rationalize their power, seek to suppress the institutions and ideas of the traditional bourgeois or entrepreneurial elite, and try to remold society into conformity with their interests and mentality. In international affairs the managerial super-states seek to replace the nation-state with transnational empires and engage in a "struggle for the world," the first phase of which was World War II and the continuation of which is the "Third World War" between the United States and the Soviet Union. Those who recall Burnham's articles and columns in *National Review* from 1956 to 1978 will perhaps recognize some of these themes.

Admittedly, Burnham's interpretation of current world affairs was badly flawed by the persistence of economic determinism in his mind and by his use of the totalitarian regimes in Russia and Germany as models for all

managerial societies, including what was happening in the United States. Despite these conceptual errors, which he later abandoned as his mind matured away from Marxism, Burnham's essential thesis still explains both how technically specialized bureaucrats, technocrats, and managers have displaced traditional elites in the United States and other developed societies and why this new elite or new class promotes a world view fundamentally hostile to the institutions and values of the traditional West.

Very few of these ideas are present in Rizzi's meager contribution, or at least in the first part of *The Bureaucratization of the World*, which is all that is published here, though Rizzi did perceive the fundamental unity of Nazi Germany, Stalinism, and the New Deal. Certainly there is no similarity of the texts of Burnham and Rizzi, and the charge of plagiarism approaches absurdity. I, for one, fail to see how Burnham can be accused of stealing Rizzi's ideas when Rizzi himself had published his ideas two years before. Rizzi's ideas had become public property, and no one paid much attention because there just weren't many ideas there. People did pay attention when Burnham published two years later, because his ideas were far more haunting and compelling. Those who have charged Burnham with plagiarism, one begins to suspect, have acted on ulterior motives, not the least of which may have been a desire to discredit and dismiss the theory of the managerial revolution without attending to its merits.

Burnham's thesis challenges not only Marxist theory by arguing that exploitation would not end with a revolution carried out in the name of Marx but also much of the conventional wisdom of liberals and conservatives alike. It challenges liberal platitudes because it portrays "big government" not as the democratically restrained friend of the common man but as the tool of a self-interested elite of bureaucrats. It challenges conservative platitudes because it portrays "big business" not as a larger version of the entrepreneurial and morally rooted economy of the 19th century but as a form of collectivism, fused with the state, controlled by essentially the same elite, and directed against the

social, economic, political, and intellectual fabric of traditional culture. In seeking to protect the business establishment and in encouraging government intervention, conservatives and liberals are merely perpetuating and extending the managerial regime.

Although Burnham did not explicitly develop the implication, his theory of the managerial revolution pointed to a populist counterrevolution against the managerial establishment, not the dwindling resistance of a moribund bourgeois class, as the logical challenge, the new antithesis, to the managerial regime. It is no accident that the American and European left, from 1941 to the present day, has been pounding away at the underpinnings of Burnham's theory. The left, which represents the ideological vanguard of the managerial class, understands a threat when it sees one.

Nor is it surprising that Burnham's ideas have never excited mainstream American conservatives, who, themselves largely drawn from bourgeois strata, remain enthralled by the fantasy of a restoration of bourgeois society. Except for The Ingersoll Prizes (administered by The Rockford Institute), which honored Burnham in 1983 with The Richard M. Weaver Award, and his circle of friends at *National Review*, apparently few conservatives remember him or appreciate the major contributions he made to the political thought of the American right. Despite George Orwell's use of *The Managerial Revolution* as the basis for 1984 and despite Irving Kristol's acknowledgment of Burnham's influence on neoconservative ideas of the "new class," he remains, in the words of a *National Review* editorial, a "non-person."

The republication of Bruno Rizzi's "underground classic" will not therefore do much to preserve or "restore" Rizzi's reputation as a social thinker. More probably it will have much the same effect that the republication of the underground works of the Marquis de Sade had on his legend—to dispel it and expose the basic shallowness of his mind. The renewed interest in Rizzi's book may, however, serve a better purpose in alerting serious students of modern society to the achievements and insights of another real but neglected prophet.

# Betrayed by Britain *by Momcilo Selic*

*"And hung my head and wept at Britain's name."*

—Samuel Taylor Coleridge

*Tito's Flawed Legacy* by Nora Beloff, Boulder, CO: Westview Press.

If there be monsters, they yawn from within.

It is hard not to see justice in the story of an empire, brought low by its unwillingness to defend itself. "This book is in part a penance for unquestioningly accepting the Titoist bias shared by most of my countrymen," writes Nora Beloff, former British correspondent from Belgrade, in her new book, *Tito's Flawed Legacy*. But there was no bias. Instead, there was shortsighted self-interest, rationalized into doctrine, sentiment, or worse.

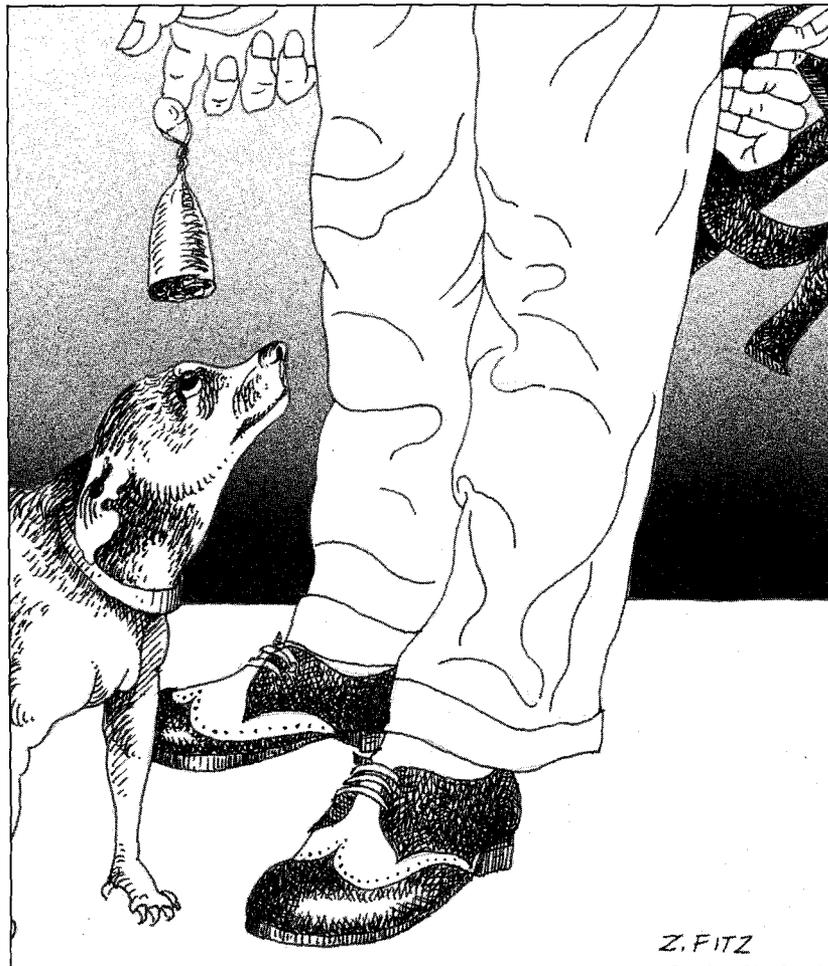
"Do you intend to make Yugoslavia

your home after the war?" Winston Churchill asked Brigadier Fitzroy Maclean, in 1943 in Alexandria.

"No Sir," replied his envoy to Tito.

"Neither do I," Churchill had said then. "And that being so, the less you and I worry about the form of government they set up the better."

John Donne long forgotten, Churchill was only continuing his government's policy towards Yugoslavia since 1941. If Czechoslovakia was sacrificed in 1936, why shouldn't another Eastern European impediment be used to buy a gasp of life? Though among individuals there is a name for such behavior, among states only survival counts. Maybe that's why so many of them have disappeared from the face of the earth.



Beloff, as Her Majesty's subject, did not initially question such policy. After all, wasn't it perfectly common that lesser people and races should sacrifice themselves for their betters? Mercifully, no one in the West has said that publicly, except Hitler. But facts have a way of speaking by themselves.

In 1941, Great Britain aided a coup in Belgrade that brought down a government intent on keeping Yugoslavia out of World War II. The new government, praised by Churchill, had as little to place in Hitler's way as the old. The Germans overran Yugoslavia in 10 days and then began a program of dismemberment and of genocide committed against its Serb, Jewish, and Gypsy population. The British, unable and unwilling to aid Yugoslavia even as little as Greece, lauded the resistance movement of Colonel Draza Mihajlovic, until the Communist Partisans appeared. Then, disregarding their own previous Special Operations Executive (SOE) directives, they asked the Yugoslavs to do what they counselled other Europeans to avoid, namely, to attack the Germans en masse. When Mihajlovic refused to permit 100 Serbs to be shot for each German slain, 50 for each wounded, the British transferred their support to the Partisans, who felt no such qualms. Thus the Communists, whose chief worry was the safety of the Soviet Union and whose aim was Communist revolution, became a gambit used by Churchill to offset Stalin's demands for a second front in Europe. In Teheran, Churchill curiously upheld Yugoslavia as just such a front, while the Soviet dictator justly pointed to the marginal effect of the Partisan war effort.

Possibly, Churchill may have planned an Allied Front in the Balkans, but his idea was vetoed by President Roosevelt, because too many Americans would die in such an attempt. Yugoslavs were allowed to die instead.

Even after the war ended, as Beloff records, and as Nikolai Tolstoy documents in his new book (*The Minister and the Massacres*), the British forcibly repatriated from Austria some 40,000

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