The continuing relevance of class analysis - Comments

ERIK OLIN WRIGHT
University of Wisconsin

Jan Pakulski and Malcolm Waters's essay "The Reshaping and Dissolution of Social Class in Advanced Society" is a provocative and challenging attack on class analysis. While the core arguments they present are not new, as they themselves emphasize, they marshal those arguments in a more systematic way than most critiques of class analysis, and defend a particularly stark bottom-line conclusion – that contemporary class analysts "manufacture class where it no longer exists as a meaningful social entity."¹ Defenders of class analysis should engage these arguments in the spirit of a healthy and serious interrogation of foundational concepts and their empirical relevance. Just as feminists need to take seriously, rather than dismiss out of hand as absurd, the claim that gender oppression is withering away, so class analysts of both Marxist and Weberian inspiration need to take seriously the arguments that we are moving rapidly towards a classless society, or at least a society within which class has "dissolved" as a salient explanatory category.² I hope to show in this essay that Pakulski and Waters's arguments and evidence are not persuasive, but I believe a dialogue with their arguments can be productive for clarifying the nature of class analysis, the status of its explanatory claims, and the tasks it faces.

In the following section, I set the stage for a defense of class analysis by reviewing some of the key components of the concept of class in the Marxist and Weberian traditions of class theory. Obviously the answer to the question, "Does class still matter?" depends in part on precisely what one means by "class." In particular, it is important to understand what distinguishes "class" from other forms of social division, and why this form of social division is thought to be consequential (i.e., what causal mechanisms are identified by the concept of class). I endorse Pakulski and Waters's insistence that "class is fundamentally an economic phenomenon. It refers principally to differences in the owner-

ship of property...and to differential market capacity, especially labor-market capacity." To assess the explanatory reach of class analysis, it is necessary to elaborate in greater detail the specific mechanisms by which these economic phenomena are thought to generate consequences.

Following this clarification of conceptual foundations, I briefly discuss the four general propositions that Pakulski and Waters argue define the core commitments of class analysis. As I try to show, their characterization of most of these commitments amounts to insisting that class analysis requires a generalized belief in class primacy, whereas I argue that class primacy is not an essential component of class analysis. In the final section, I then examine a range of empirical evidence that indicates, I believe, the enduring importance of class divisions for understanding contemporary capitalist societies.

Class in the Marxist and Weberian traditions

The contrast between Marx and Weber has been one of the grand themes in the history of Sociology as a discipline. Most graduate school programs have a sociological theory course within which Marx versus Weber figures as a central motif. However, in terms of class analysis, posing Marx and Weber as polar opposites is a bit misleading because in many ways Weber is speaking in his most Marxian voice when he talks about class. The concept of class within these two streams of thought share a number of important features:

1. Both Marxist and Weberian approaches differ from what might be called simple gradational notions of class in which classes are differentiated strictly on the basis of inequalities in the material conditions of life. This conceptualization of class underwrites the common inventory of classes found in popular discourse and the mass media: upper class, upper middle class, middle class, lower middle class, lower class, underclass. Both Marxist and Weberian class analysis define classes relationally; i.e. a given class location is defined by virtue of the social relations that link it to other class locations.

2. Both traditions identify the concept of class with the relationship between people and economically relevant assets or resources. Marxists call this "relation to the means of production"; Weberians refer to "Market capacities." But they are both really talking about very similar empirical phenomena.
3. Both traditions see the causal relevance of class as operating, at least in part, via the ways in which these relations shape the material interests and lived experiences of actors. Ownership of the means of production and ownership of one's own labor power are explanatory of social action because these property rights shape the strategic alternatives people face in pursuing their material well-being. What people have imposes constraints on what they can do to get what they want. To be sure, Marxists tend to put more weight on the objective character of these "material interests" by highlighting the fact that these constraints are imposed on individuals, whereas Weberians tend to focus on the subjective conditions, by emphasizing the relative contingency in what people want. Nevertheless, it is still the case that at their core, both class concepts involve the causal connection between (a) social relations to resources and (b) material interests via (c) the way resources shape strategies for acquiring income.

How then do they differ? The pivotal basis for the contrast is captured by the contrast between the favorite buzz-words of each theoretical tradition: life-chances for Weberians, and exploitation for Marxists. The reason why production is more central to Marxist than to Weberian class analysis is because of its salience for the problem of exploitation; the reason why Weberians give greater emphasis to the market is because it so directly shapes life chances. The intuition behind the idea of life chances is straightforward. "In our terminology," Weber writes,

"classes" are not communities; they merely represent possible, and frequent, bases for communal action. We may speak of a "class" when (1) a number of people have in common a specific causal component of their life chances, insofar as (2) this component is represented exclusively by economic interests in the possession of goods and opportunities for income, and (3) is represented under conditions of the commodity or labor markets. [These points refer to "class situation," which we may express more briefly as the typical chance for a supply of goods, external living conditions and life experiences, insofar as this chance is determined by the amount and kind of power, or lack of such, to dispose of goods or skills for the sake of income in a given economic order. The term "class" refers to any group of people that is found in the same class situation]…. But always this is the generic connotation of the concept of class: that the kind of chance in the market is the decisive moment which presents a common condition for the individual's fate. "Class situation" is, in this sense, ultimately "market situation."6

In short, the kind and quantity of resources you own affects your opportunities for income in market exchanges. "Opportunity" is a de-
scription of the feasible set individuals face, the trade-offs they encounter in deciding what to do. Owning means of production gives a person different alternatives from owning credentials, and both of these are different from simply owning unskilled labor power. Furthermore, in a market economy, access to market-derived income affects the broader array of life experiences and opportunities for oneself and one's children. The study of the life-chances of children based on parent's market capacity is thus an integral part of the Weberian agenda of class analysis.

Within a Weberian perspective, therefore, the salient issue in the linkage of people to different kinds of economic resources is the way this confers on them different kinds of economic opportunities and disadvantages and thereby shapes their material interests. Within a Marxist framework, in contrast, the feature of the relationship of people to economic resources that is at the core of class analysis is "exploitation." Both "exploitation" and "life chances" identify inequalities in material well-being that are generated by inequalities in access to resources of various sorts. Thus both of these concepts point to conflicts of interest over the distribution of the assets themselves. What exploitation adds to this is a claim that conflicts of interest between classes are generated not simply by what people have, but also by what people do with what they have.\(^7\) The concept of exploitation, therefore, points our attention to conflicts within production, not simply conflicts in the market.

Exploitation is a complex and contentious concept. At its core is the idea that the economic well-being of the exploiter depends, in part, upon the ability of exploiters to appropriate the labor effort of the exploited. More specifically, exploitation exists when three conditions are met:

(i) The material welfare of one group of people causally depends on the material deprivations of another.

(ii) The causal relation in (i) involves the asymmetrical exclusion of the exploited from access to certain productive resources. Typically this exclusion is backed by force in the form of property rights, but in special cases it may not be.

(iii) The causal mechanism that translates exclusion (ii) into differential welfare (i) involves the appropriation of the fruits of labor of the exploited by those who control the relevant productive resources.\(^8\)
The second of these conditions, and perhaps a muted version of the first, is present in the Weberian analysis of class and market capacities; the third defines the distinctive issue in Marxist class analysis: the welfare of "advantaged" classes depends not simply on their monopoly of economically salient resources, but also upon the effort of the exploited.

Understood in this way, the key implication of exploitation is that it generates an antagonistic interdependency of material interests between exploiters and exploited. Exploitation does not merely define a set of statuses of social actors, but a pattern of on-going interactions structured by a set of social relations, relations that mutually bind the exploiter and the exploited together. Exploiters need the exploited, and this dependency of the exploiter on the exploited gives the exploited a certain form of power, since human beings always retain at least some minimal control over their own expenditure of effort. Social control of labor that relies exclusively on repression is costly and, except under special circumstances, often fails to generate optimal levels of diligence and effort on the part of the exploited. As a result, there is generally systematic pressure on exploiters to moderate their domination and in one way or another to try to elicit some degree of consent from the exploited, at least in the sense of gaining some level of minimal cooperation from them. Paradoxically perhaps, exploitation is thus a constraining force on the practices of the exploiter. This constraint constitutes a basis of power for the exploited.

This contrast between the Marxist and Weberian traditions of class analysis is summarized in Figure 1. Weberian class analysis revolves around a single causal nexus that works through market exchanges. Marxist class analysis includes the Weberian causal processes, but adds to them a causal structure within production itself, as well as an account of the interactions of production and exchange. For example, as I have argued in detail elsewhere (Classes and Class Counts) a central feature of the class location of managers concerns the "loyalty rent" that managers receive by virtue of their position within the authority structure of production. This reflects the way in which location within the organization of production and not simply within market relations affects the "life chances" of managers. Similarly, as Bowles and Gintis and others have argued, the level of the social wage received by workers through the state affects their market capacity in ways that influence the capacity of capitalists to extract labor effort within production. The Marxist concept of class directs our attention both theoretically and empirically toward these interactions.
A Weberian might reply that there is nothing in the Weberian idea of market-based life chances that would prevent the analysis of the extraction of labor effort within production. A good and subtle Weberian class analyst could certainly link the analysis of market capacities within exchange relations to power relations within the labor process, and thus explore the causal structures at the center of Marxist class analysis. In systematically joining production and exchange in this way, however, the Weberian concept would in effect become Marxianized. Frank Parkin, in a famous gibe, said “Inside every neo-Marxist there seems to be a Weberian struggling to get out.” One could just as easily say that inside every left-wing Weberian there is a Marxist struggling to stay hidden.

This elaboration of the concept of exploitation has underwritten my efforts at reconstructing the Marxist concept of class in ways that
would enhance its explanatory capacity for complex, developed societies. Specifically, it has provided the basis for defining concrete class "locations" in terms of a multidimensional view of how people are linked to the mechanisms of exploitation in capitalist economies. This facilitates studying the more complex ways in which people's lives are concretely embedded in class relations.12

For both Marxists and Weberians, classes would cease to be relevant for social analysis if either of two conditions occurred: (1) Everyone owned and controlled the same economically-relevant assets — i.e., everyone had the same relationship to the income-generating productive resources (land, capital, skills, information, labor power, etc.) of the society; (2) People owned and controlled different assets, but the ownership of assets no longer mattered for material interests. On the basis of these two conditions one could define the degree of "classness" of a society: the more egalitarian the distribution of assets and the less a person's material wellbeing depends upon their relationship to those assets, the lower the classness of a society.13 The first of these conditions can potentially be approached through various processes that equalize capital ownership and education; the second through such things as unconditional basic income grants that significantly loosen the relationship between income and individual participation in economic activity.14 Weberians would emphasize the ways in which these changes equalize the material life chances of people; Marxists would add to this an emphasis on how these changes would transform the interdependencies between laboring effort and material welfare. For both Marxists and Weberians, so long as these inequalities in ownership/control of assets exist and are consequential for the lives of people, class would remain a causally salient feature of social organization.

The four propositions

From the vantage point of Pakulski and Waters's critique of class analysis, these differences between the Marxist and Weberian currents of class analysis seem relatively unimportant. Their claim is not simply that the classical Marxist preoccupation with capitalist exploitation has become irrelevant, but that it is no longer the case that classes defined with respect to the ownership and control of any economically-relevant assets matter very much. Before looking at the empirical evidence, it is useful to examine briefly the four propositions that Pakulski
and Waters claim define the basic theoretical structure of class analysis. To facilitate the discussion I number the sentences in their statement of each proposition.

The proposition of economism

1. Class is fundamentally an economic phenomenon.

2. It refers principally to differences in the ownership of property, especially productive property with an accumulation potential, and to differential market capacity, especially labor-market capacity.

3. Moreover, such economic phenomena as property or markets are held to be the fundamental structuring or organizing principles in societal organization.

Statements 1 and 2 in this proposition are on target. While some class analysts argue that class is as much a cultural and political concept as it is an economic concept, the core of both the Marxist and Weberian traditions of class analysis revolves around the economic content of the concept. The problem in this proposition enters with the third statement, specifically with the use of the definite article "the" before "fundamental." While class analysts may in general subscribe to the view that class is a fundamental structuring principle, no Weberian would consider class to be the fundamental principle, and many contemporary Marxists would also shy away from such a categorical claim, especially when it is specified with respect to an explanandum as vague and encompassing as "societal organization." To be sure, there is a strand of classical Marxism revolving around the "base/superstructure" metaphor in which the "base" is identified with class structure, the "superstructure" is everything else in society, and the base is seen as explaining the superstructure. Many, perhaps most, Marxists engaged in class analysis today reject such explanatory pretensions. In any case, for class analysis to constitute a research program worth pursuing, it is sufficient that it identify important causal mechanisms; it is not necessary that class be the most important or fundamental determinant of social phenomena.
The proposition of group formation

1. Classes are more than statistical aggregates or taxonomic categories.

2. They are real features of social structure reflected in observable patterns of inequality, association, and distance.

3. So deep and fundamental are these cleavages that they form the principle and enduring bases for conflict and contestation.

Again, the first two of these statements correctly identify commitments of most class analysts, at least those of a non-postmodernist bent. Most Marxists and Weberians are generally “scientific realists,” seeing their concepts as attempts at understanding causal mechanisms that exist in the world, and thus both believe that if class relations matter they should generate observable effects. The third statement, however, would be rejected by virtually all Weberian class analysts from Weber to the present. Many contemporary Marxist class analysts would also demur from the statement in this unqualified and categorical form. While Marxists generally believe that class relations constitute an enduring basis for conflict, much of the thrust of contemporary Marxism has been toward understanding the conditions under which class compromises are formed and class conflict is displaced from center stage. While most Marxists would argue that even when class formation and class struggle have been contained there will continue to be effects of class relations on other forms of conflict, this does not imply the stronger claim that class cleavages constitute the principle basis for all conflict. To claim enduring and even pervasive effects is not to claim class primacy.

The proposition of causal linkage

1. Class membership is also causally connected to consciousness, identity, and action outside the arena of economic production.

2. It affects political preferences, lifestyle choices, child-rearing practices, opportunities for physical and mental health, access to educational opportunity, patterns of marriage, occupational inheritance, income, and so on.

This proposition is sound, since Pakulski and Waters do not assert here that class must be the primary causal determinant of each of the ex-
plananda listed under (2). The proposition does not even insist that class be a direct cause of these explananda since the expression “causally connected to” encompasses indirect and mediated effects of class on phenomena outside of economic production. All the proposition therefore asserts is that access to economically relevant assets has a systematic effect (direct or indirect) on these kinds of phenomena. I would only add one caveat. As specified in this proposition, the list of phenomena on which class is claimed to have effects is almost completely open-ended. Most class analysts would qualify the “proposition of causal linkage” by saying that class matters more for some phenomena than others, and that for certain explananda, class might have negligible effects. Furthermore, the extent to which class matters for various explananda may itself be contingent upon various other variables – i.e., there may be strong interactive effects between the micro-level effects of class location and various macro-level processes. Class analysis would not disappear as a legitimate research program if for some of these explananda it turned out that class determinants were weak.

The proposition of transformative capacity

1. Classes are potential collective actors in economic and political fields.

2. Insofar as they consciously struggle against other classes, classes can transform the general set of social arrangements of which they are a part.

3. Class therefore offers the dynamic thrust that energizes society.

4. Classes are the principal collective actors that can make history.

Statement (1) accurately characterizes most forms of class analysis. Few class analysts deny that class is the basis for potential collective action. The second statement, because of the conditionality of the expression “insofar,” would also be acceptable to most strands of class analysis so long as the word “transform” is taken to include something like “modifications in the rules of the game” and not simply “revolutionary ruptures in the game itself.” The third and fourth statements are much more contentious because of the assertion of class primacy. While classical Marxism certainly affirmed the thesis that “class struggle was the motor of history,” most contemporary Marxists would qualify such claims by stressing the importance of a variety of enabling conditions that make it possible for collectively organized class forces
to have such system-shaping effects. Few Marxists believe that the collective capacity for radical transformations is automatically produced by the “contradictions of capitalism.”

Overall, then, Pakulski and Waters do accurately identify some central strands in class analysis in these propositions, but they consistently slide from a reasonable description of propositions that affirm the relevance of class to much stronger and contentious claims about class primacy. Indeed, they seem to believe that without the claim of class primacy, there would be no point at all to class analysis. In commenting on what they describe as weaker forms of class analysis, they state: “in order to distinguish itself from sociological analysis in general, this enterprise must necessarily privilege economically defined class over other potential sources of inequalities and division, as well as accept the principle of causal linkage. There would otherwise be little point in describing the activity as class analysis – a class analysis that can find no evidence of class is clearly misnamed.” The final clause in this statement is clearly correct: if there were “no evidence of class,” then there would be no point to class analysis. But the previous sentence is not: class analysis need not universally privilege class over all other social divisions in order to justify its research program. Class analysis is premised on the view that class constitutes a salient causal structure with important ramifications. As I show in the next section of this response, there is abundant evidence to support this claim. It is an additional, and much more contingent, claim that class processes constitute the most important cause of particular social phenomena, and a far more contentious (and implausible) claim that they constitute the most important cause of everything.

**Evidence**

As an explanatory concept, class is relevant both to macro-level analyses of social systems and micro-level analyses of individual lives. In both contexts, class analysis asserts that the way people are linked to economically-relevant assets is consequential in various ways. In what follows I explore a range of evidence that shows such consequences are an enduring feature of contemporary society.
Have class boundaries disappeared?

One way of exploring this question is to investigate what I have called the "permeability" of class boundaries.\textsuperscript{19} Permeability refers to the extent to which the lives of individuals move across different kinds of social boundaries. One can study permeability of any kind of social boundary – race, gender, class, occupation, nationality – and one can study such boundary-crossing permeability with respect to a wide range of life events – mobility, friendship formation, marriage, membership in voluntary associations, etc. In my own research I have focussed on three kinds of events – intergenerational class mobility, cross-class friendship formation, and cross-class household composition – and studied the extent to which these events occur across the different kinds of boundaries within a class structure.

The class-structure concept I have used in my research sees class relations in capitalist societies as organized along three underlying dimensions – property, authority, and expertise (or skills). For purposes of studying class-boundary permeability, I trichotomize each of these dimensions: the property dimension is divided into employers, petty-bourgeois (self-employed without employees), and employees; the authority dimension into managers, supervisors, and nonmanagerial employees; and the skill/expertise dimension into professionals, skilled employees, and nonskilled employees.\textsuperscript{20} I then define permeability as a boundary-crossing event that links the poles of these trichotomies. Friendships between employers and employees, for example, would count as an instance of permeability across the property boundary, but a friendship between a worker and a petty bourgeois or between a petty bourgeois and an employer would not. The empirical problem, then, is to explore the relative odds of permeability events across these three class boundaries, as well as the odds of events between different specific locations within the class structure. Without going into detail, some of the basic findings of this research are roughly as follows:

1. The property boundary is generally the least permeable of the three boundaries for all three kinds of events (mobility, friendships, and household composition), followed by the skill/expertise boundary and then the authority boundary. With some minor exceptions, this rank-ordering of relative permeability holds for the four countries I have studied – United States, Canada, Sweden, and Norway.
2. The odds of mobility between a working-class location (i.e., non-managerial, nonskilled employee) and an employer location is about 25 percent of what it would be if the link between these two locations was random; the odds of a close personal friendship between these two locations is about 20 percent of what it would be if these events were random; and the odds of a two-earner household containing an employer married to a worker are about 10 percent of the random association.

3. The odds of events linking workers and the petty bourgeoisie, on the other hand, are generally only modestly different from random for all three kinds of events. The class boundary between workers and petty bourgeois is therefore 3–6 times more permeable than the boundary between workers and employers.

None of these results demonstrates that class boundaries are the least permeable of all social boundaries in capitalist societies. Undoubtedly in the United States, racial boundaries are less permeable to household composition than are class boundaries, and in some countries, religious affiliation may be a much less permeable boundary than class for certain kinds of events. But these results unequivocally indicate that class boundaries have not disappeared; the coefficients for events across the property and the expertise/skill boundaries are significantly negative (at \( p < 0.001 \) level in nearly all cases) in all countries.

*Have inequalities in the distribution of capital declined to the point in recent years that it no longer matters much for people's lives?*

Pakulski and Waters are correct that compared to fifty years ago, there is a more egalitarian distribution of wealth in most capitalist countries. This does not, however, imply that the distribution has equalized to the point that the basic nexus between class and capital asset-holding has been broken. In 1983, the richest half of one percent of American households owned 46.5 percent of all corporate stock, 44 percent of bonds, and 40 percent of net business assets. The next .5 percent richest owned 13.5 percent of stock, 7.5 percent of bonds, and 11.5 percent of net business assets. The richest 1 percent of American households therefore own 50–60 times their per capita share of these crucial capitalist assets.\(^{21}\)
Of course, unequal ownership of these assets may not matter much for peoples' lives. The claim of class analysis is not simply that there is an unequal distribution of ownership and control of economic assets, but that this inequality in assets is consequential for people. In 1990, the average family income of the top 1 percent of income earners in the United States was just under $549,000. On average over $278,00 of this – more than 50 percent of the total – came directly from capital assets (not including an additional $61,000 from self-employment earnings). In contrast, the average family income of the bottom 90% of the population in the United States was only about $29,000 in 1990 of which, on average, less than 10 percent (about $2,400) came from capital assets. The inegalitarian distribution of capital assets is clearly consequential.

The direct impact on household income is only one of the salient consequences of unequal distributions of capital assets. Equally important is the way the distribution of ownership rights in capitalist production affects the stability and distribution of jobs. One would be hard pressed to convince a group of newly unemployed workers from a factory that has closed because the owner moved production abroad that their lack of ownership of capitalist assets has no significant consequences for their lives. If the workers themselves owned the firm as a cooperative, or if it were owned by the local community, then different choices would be made. The same international pressures would have different consequences on the lives of workers if the distribution of capital assets – i.e., in the class relations within which they lived – were different.

An objection could be raised that I have grossly exaggerated the levels of inequality in distributions of assets, since pension funds of various sorts are among the biggest holders of stock and other financial assets. Shouldn't those workers covered by pension funds be considered quasi-capitalists by virtue of their connection to these assets? Doesn't this effectively erode the class distinction between workers and employers?

The recent experience of conflict in Sweden over the "wage-earners fund" sheds light on the nature of the class relations linked to pension funds. In Sweden, like in many other countries, large pension funds exist for union members. Strict rules govern the nature of these pension-fund investments, ostensibly to avoid risky investments and insure the continuing stream of income for future pensioners. In the 1970s a
proposal in Sweden known as the Meidner Plan was made, initially by
the left of the labor movement and the Social Democratic Party, which
would have enabled pension funds to be used by unions to gain
ownership control gradually of Swedish corporations. Corporations
would have been forced by law to give stock to these funds as part of
the benefits package for workers, and over time this would have result-
ed in a shift of real ownership from the Swedish capitalist class to the
unions. All of this would have been done at real market prices, so there
was no question of confiscation. The Swedish bourgeoisie massively
and vigorously opposed this proposal. The original form of the
Meidner plan represented a fundamental shift from pension funds
being a source of forced savings available for investment, to those
funds being used to transform the governance structure of Swedish
industry and thus, ultimately, the class structure. The turmoil over this
proposal lead in part to the defeat of the Social Democratic party, and
in the end, the proposal was watered down to the point where it no
longer posed any kind of threat. What this episode reflects is the fact
that the various forms of indirect “ownership” of assets represented by
such things as pension funds do not in fact constitute a significant ero-
sion of the class relations of ownership and control of productive
assets.

Is the extraction of labor effort no longer a problem in capitalist firms?

At the core of Marxist conceptions of class is the problem of extracting
labor effort from producers who do not own the means of production.
This problem has also emerged as a central theme in transactions-cost
economics under the rubric of principal/agent problems within capi-
talist firms. The economics version of the argument states that under
conditions of information asymmetries (employees have private infor-
mation about their work effort that is costly for employers to acquire)
and a divergence of interests between principals and agents (employers
want workers to work harder than the workers voluntarily want to
work), there will be a problem of enforcement of the labor contract.

A range of consequences are generated by this principal/agent prob-
lem as employers adopt strategies that try to align the behavior of
agents to the interests of principals. One of the results is an “efficiency
wage” in which workers are paid more than their reservation wage in
order to raise the cost of job loss thus making them more hesitant to
shirk.24 Another consequence will be the erection of an apparatus of
monitoring and enforcement within firms. A third consequence is that employers make technological choices partially in terms of the effects of alternative technologies on monitoring and social control. This does not imply, of course, that the class dimensions of technical choice is always the most important, or even that it is always significant, but simply that employers are not indifferent to the effect of alternative technologies on their capacity to monitor and extract labor effort. Considerable empirical evidence exists for each of these effects.

Most economists do not use the language of class analysis in discussions of this principal/agent problem because they take the distribution of property rights within the capitalist firm for granted, yet this distribution of property rights is a central dimension of class structure. Making the class character of the problem explicit has the advantage of focusing attention on the ways in which variations in the class relations of production might affect the principal/agent problem. Consider two examples: worker-owned firms, and capitalist firms within which it is difficult to fire workers because they have enforceable employment rights.

In the case of cooperatives, Bowles and Gintis have argued that if workers were the residual claimants on the income generated within production (i.e., if they were the owners of the assets), the problem of monitoring and enforcement of work effort would be dramatically transformed. The problem of extracting labor effort would not disappear because there would still be free-rider problems among the worker-owners, but since in workers cooperatives there are stronger incentives for mutual-monitoring than in conventional capitalist firms, and since the motivations of actors are likely to strengthen anti-free rider norms, the costs of monitoring should go down and thus productivity would increase. Employees in an employee-owned firm are embedded in a different set of class relations than employees in a conventional capitalist firm, and this variation affects the labor-extraction process.

Capitalist firms within which workers have effective rights to their jobs are also a case of a transformation of class relations within production. In this case, workers are not residual claimants to the income of the firm (i.e., they do not “own” the capital assets), but the employers have lost certain aspects of their property rights – they no longer have the full right to decide who will use the means of production that they “own.” Such a situation poses specific problems for the employer. On
the one hand, by making it harder to fire workers, strong job rights reduce the efficiency of monitoring and make shirking easier. But this constraint on firing also makes the time horizons of workers with respect to their place of employment longer and may make them identify more deeply with the welfare of the firm. Which of these two forces is stronger depends upon the details of the institutional arrangements that regulate the interactions of employers and workers. The research on the implications for cooperation and productivity of strong job rights in Japanese and German capitalism can be considered instances of class analyses of principal/agent problems.28

It is, of course, possible to discuss the effects of workers cooperatives or job rights on principal/agent problems without ever mentioning the word “class.” Nevertheless, the theoretical substance of the analysis still falls within class analysis if the causally salient feature of these variations in firm organization centers on how workers are linked to economic assets.

Does class location no longer systematically affect individual subjectivity?

Pakulski and Waters are on their strongest ground when they argue that class is not a powerful source of identity, consciousness, and action. My own research on class structure, class biography, and class consciousness in the 1980s indicates that in most of the countries I studied, class-related variables were only modest predictors of values on the various attitude scales I adopted. However, “modest” is not the same as “irrelevant.” In Sweden, individual class location by itself explained about 16 percent of the variance in a class-consciousness scale,29 while in the United States the figure was only 9 percent and in Japan only 5 percent. When a range of other class-linked variables were added – including such things as class origins, self-employment experiences, unemployment experiences, and the class character of social networks – this increased to about 25 percent in Sweden, 16 percent in the United States and 8 percent in Japan. In all three countries, these class effects were statistically significant, but not extraordinarily powerful.

What should we make of these results? First of all, at least in the United States and Sweden, the explained variances in these equations are not particularly low by the standards of regressions predicting attitudes. In general, it is rare for equations predicting attitudes to have high ex-
plained variances unless the equations include as independent variables other attitudes (e.g., predicting views on specific policy issues by self-identification on a liberalism/conservatism scale). Part of the reason for this is undoubtedly the pervasive problem in adequately measuring attitudes; a significant part of the total variance in measured attitudes may simply be random with respect to any social determinants. And part of the reason for the low explained variance in attitude regressions is that the causes of individual attitudes are often irreducibly idiographic – it is hard to imagine a multivariate regression rooted in social structural variables that would “predict” that Engels, a wealthy capitalist, would be a supporter of revolutionary socialism. In any case, class often performs as well or better than other social structural variable in predicting a variety of aspects of attitudes.

The second thing to note in these results is the very large cross-national variation in the explanatory power of class variables for predicting individual attitudes. What is more, on a more fine-grained inspection, there are interesting variations in the specific ways class location and attitudes are linked in the three countries. Without going into any real detail here, if we define “ideological coalitions” as sets of class locations that are more like each other ideologically (as measured by these attitude questions) than they are like other locations, then we find three quite distinct patterns in these three countries. In Sweden, the class structure is quite polarized ideologically between workers and employers, and there is a fairly large “middle-class coalition” that is ideologically quite distinct from the bourgeois coalition and from the working-class coalition. In the United States, the class structure is less ideologically polarized and the bourgeois ideological coalition extends fairly deeply into the structurally defined “middle class”: managers and professionals are firmly part of this coalition. In Japan, there is a third configuration: ideological polarization is much more muted than in either of the other two countries and the ideological divisions that do occur fall mainly along the expertise dimension rather than the authority dimension of the class structure.

These patterns of variation demonstrate that the linkage between class location and individual subjectivity is heavily shaped by the macrosocial context within which it occurs. Class locations do not simply produce forms of subjectivity; they shape subjectivity in interaction with a range of other processes – institutional arrangements within firms; political strategies of parties and unions; historical legacies of past struggles, etc. These complexities certainly do undercut any sim-
ple-minded class analysis that asserts something like "class determines consciousness." But they do not undermine the broader project of investigating the ways in which class, in interaction with other social processes, has consequences.

Conclusion

If the evidence I discuss above is correct, then it certainly seems premature to declare the death of class. Class may not be the most powerful or fundamental cause of "societal organization," and class struggle may not be the most powerful transformative force in the world today. Class primacy as a generalized explanatory principle across all social explananda are implausible. Nevertheless, class remains a significant and sometimes powerful determinant of many aspects of social life. Class boundaries, especially the property boundary, continue to constitute real barriers in people's lives; inequalities in the distribution of capital assets continue to have real consequences for material interests; capitalist firms continue to face the problem of extracting labor effort from non-owning employees; and class location continues to have real, if variable, impacts on individual subjectivities.

In denying the significance of these kinds of empirical observations, Pakulski and Waters seem to be mistaking the increasing complexity of class relations in contemporary capitalist societies with the dissolution of class altogether. While it was never true that a simple, polarized, two-class model of capitalism was sufficient to understand the effects of class on consciousness and action in concrete capitalist societies, there were times and places when perhaps this was a reasonable first approximation. For most purposes this is no longer the case, and a variety of forms of complexity need to be added to class analysis:

- "Middle-class" locations need to be given a positive conceptual status, for example by treating them as "contradictory locations within class relations."

- The location of individuals within class structures needs to be defined not simply in terms of their own jobs (direct class locations) but also in terms of the ways they are linked to mechanisms of exploitation through family structure (mediate class locations).
Class locations have a specific temporal dimension to them by virtue of the ways in which careers are organized. This temporal dimension means that to the extent that career trajectories have a probabilistic character to them, some class locations may have an objectively indeterminate character.

The diffusion of genuine ownership of capitalist assets among employees, if still relatively limited, creates additional complexity in class structures since some people in managerial class locations, and even some in working-class locations, can simultaneously occupy locations in the capitalist class as renters. This constitutes a special form of “contradictory location within class relations.”

Class analysis needs to incorporate these, and other, complexities. The reconstruction of class analysis in these ways, however, does not imply the dissolution of the causal processes that class theory identifies. The relationship of people to the pivotal economic assets of the capitalist economy continues to shape life chances and exploitation, and these in turn have wide ramifications for other social phenomena. These complexities may lead to a conceptual framework that is less tidy, and which perhaps evokes less fiery passions. But in the end, the contribution of class analysis to emancipatory projects of social change depends as much on its explanatory capacity to grapple with the complexity of contemporary capitalist society as on its ideological capacity to mobilize political action.

Notes


2. As often happens in this kind of polemics, there is a natural tendency for the rhetoric to become more extreme and polarized than perhaps even the authors would actually believe. Statements of the form “social class is in the process of dissolving” tend to drift into statements like “social class has dissolved.” This kind of slippage occurs frequently in the Pakulski and Waters article. For example, they argue that the downward shift in the distribution of property “blurs traditional class divisions” – which suggests that the division is still present, but less sharply drawn – while immediately after they state that the “downward distribution of property . . . makes impossible the establishment of any boundary between classes on the basis of property” – which suggests not simply that the class division is blurred, but that it has disappeared entirely. The temptation in defending class analysis against their arguments is to focus on these extreme statements. It is, after all, much easier to find evidence that simply demonstrates that class divisions exist and have consequences than to show that these divisions remain causally powerful. In my judgment, the real
guts of their argument does not ride on these most extreme formulations, but on the weaker claim that class is no longer a powerful or salient explanatory category. It is on the weaker claim that I therefore focus in this discussion.


5. The contrast between “gradational” and “relational” concepts of class was first introduced into sociology by Stanislaw Ostrowski, *Class Structure in the Social Consciousness* (London: Routledge & Kegan Paul, 1963). For a more extended discussion of gradational concepts of class, see Wright, *Class Structure*.


7. The conceptual distinction between life chances and exploitation being argued for here runs against the arguments of John Roemer who insists that exploitation is strictly a way of talking about the injustice of the effects of what people have (assets) on what people get (income). In this sense, he collapses the problem of exploitation into the problem of life chances and thus dissolves the distinction between Marxist and Weberian class analysis. The notion of the extraction of labor effort disappears from his analysis of exploitation. See John E. Roemer, “Should Marxists be interested in exploitation?” *Philosophy and Public Affairs* 14: 30–65. Reprinted in *Analytical Marxism*, ed. John E. Roemer. (Cambridge: Cambridge University Press, 1986).

8. The expression “appropriation of the fruits of labor” refers to the appropriation of what labor produces. It does not imply that the value of those products are exclusively determined by labor effort, as claimed in the labor theory of value. All that is being claimed here is that a surplus is appropriated – a surplus beyond what is needed to reproduce all of the inputs of production – and that this surplus is produced through labor effort, but not that the appropriate metric for the surplus is labor time. For a discussion of this way of understanding the appropriation of the fruits of labor, see G. A. Cohen, *History, Labour, and Freedom* (Oxford: Oxford University Press, 1988), 209–238.


12. Pakulska and Waters mischaracterize the approach to class analysis that I advocate when they write “…whereas twenty years ago students had to decide whether there were two or three classes, they now have to decide whether there are seven or
twelve.” My framework of class analysis postulates distinctions among the locations of individuals within class structures and class formations. There is an indeterminate number of distinguishable “locations.” For example, depending upon the explanatory problem at hand, it might be necessary to produce a very fine-grained map in which one distinguishes between direct locations (locations determined by individuals’ jobs) and mediated locations (locations within class relations determined by membership in households). For other purposes, a distinction between the class of wage-earners and the class of capitalists might be sufficient. The important point is that the class structure is defined by a set of causal processes, and class locations identify how individual lives are linked to those processes. Pakulski and Waters are correct when they conclude somewhat sarcastically that “One would look rather silly mounting a barricade armed with Wright's twelve-class scheme,” but this misrepresented the analytical status of the scheme itself. One “mounts the barricade” armed with a critique of capitalist exploitation and its consequences; the heterogeneity of material interests within the class formation mobilized around that critique reflects the complexity of class locations in contemporary capitalism. It would be “rather silly” to imagine that this complexity did not exist.

13. The classical normative ideal for social change within the Marxist tradition is captured by the image of a “classless” society. This utopian vision was theoretically grounded in the Marxist theory of historical trajectory – historical materialism – which postulated classlessness as an imminent alternative to capitalism generated by the contradictions within capitalism itself. While classlessness may be useful as a regulative ideal, it should probably be replaced with “less classness” as the pragmatic goal of radical egalitarians. For a discussion of the shift from classlessness to less classness, see Erik Olin Wright, Interrogating Inequality (London: Verso, 1994), 245–247.


15. As G. A. Cohen has convincingly argued, even in classical Marxism the idea of the “superstructure” was not so all-encompassing as to include everything other than the base. Instead, historical materialism generally takes the form of what Cohen calls “restricted historical materialism” (as opposed to “inclusive historical materialism”), in which the superstructure consists only of those noneconomic social phenomena that have reproductive effects on the base (i.e., effects that tend to stabilize and preserve the economic structure of society). According to Cohen, the thesis of restricted historical materialism is that superstructural phenomena defined in this way are functionally explained by the base. See G. A. Cohen, “Restricted and Inclusive Historical Materialism,” chapter 9 in History, Labour and Freedom (Oxford: Clarendon Press, 1988).

16. As I have argued in detail elsewhere, it is extremely difficult to establish claims that some cause is the most important or most fundamental unless there is a very clear specification of the explanandum and the range of variation for which the claim applies. See Erik Olin Wright, Andrew Levine, and Elliott Sober, “Causal Asymmetries,” chapter 7 in Reconstructing Marxism (London: Verso, 1992).

17. For an extended discussion of the conditionalality and contingency of the development of the capacity for transformative class struggles, see Erik Olin Wright, Andrew Levine, and Elliott Sober, ibid., part I.

18. In the context of their argument, I take the word “privilege” to imply “causally more important.” There is a much weaker sense in which class analysis inherently does
“privilege” class, namely that it focuses on class and its effects. In this sense, an endocrinologist’s privileges hormones over other causal processes, but this hardly implies that endocrinology implies that hormones are universally more important than other causes. If Pakulski and Waters simply mean that class analysis focuses on class, then there is nothing contentious about their claims.


20. Details of the strategy of analysis and operationalizations can be found in Erik Olin Wright, *Classes* (London: Verso, 1985), chapter 5 and appendix II.


22. Ibid., 34.

23. In a neoclassical model of the capitalist economy with perfect information and complete markets (including complete futures markets), property rights would make no difference. In such a world, if it were profit-maximizing for the capitalist to move a factory abroad then, even if the workers themselves owned the factory, it would be profit-maximizing for them to do the same thing. They would simply choose to unemploy themselves, move the factory abroad, and hire workers there. In such a world, workers would not be credit-constrained to obtain loans to buy the firms in which they worked, since with perfect information (including perfect information about the behavior of the workers) banks would not hesitate to make loans to workers. But we do not live in such a world, and it is precisely the pervasive information asymmetries and the absence of perfect futures markets that transforms the atomistic domination-free interactions of the Walrasian market into the power-laden, exploitative class relations of real capitalist societies.


27. A variety of studies support the claim that productivity is higher in worker-owned firms than in comparable capitalist firms. For a review of the evidence, see, David Levine and Lara d’Andrea Tyson, “Participation, Productivity and the Firm’s Environment,” in Alan Binder, editor, *Paying for Productivity* (Washington, D. C. Brookings, 1990), 183–244.
28. David Gordon presents evidence that there is a strong inverse relation between the degree of cooperation in the labor-management relations of a country and the weight of its administrative-managerial employment: the correlation between an index of cooperation and the percentage of administrative and managerial employment was -0.72 for twelve OECD countries. Cooperative labor-management relations are closely linked to strong job rights and other arrangements that increase the effective rights of workers within production. See David Gordon, *Fat and Mean: Corporate Blout, The Wage Squeeze and the Stagnation of Our Conflictual Economy* (New York: Martin Kessler Books at the Free Press, 1996).

29. The class-consciousness scale combined a number of simple strength of agreement/disagreement items concerning people's attitudes toward class conflict, corporations, employee participation in decisionmaking, strikes, and related matters. For details, see Erik Olin Wright, *Class Counts* (Cambridge, Cambridge University Press, forthcoming), chapter 14.