

**Sociology 621 Lecture 7**  
**The “Death of Class” Debate**  
**September 28, 2009**

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It may at first glance seem absurd to talk about the “Death of Class” in a world of increasing economic polarization and a global financial crisis driven by the machinations of bankers and wealth investors. It certainly seems that exploitation remains a central feature of our economic system, and that cleavages structured around the antagonism of interests of “the rich and powerful” and “ordinary people” seem as pervasive as ever. How can anyone proclaim that class is no longer a relevant concept, or, to use an even more provocative formulation, that we are effectively a “classless society”?

In this session we will explore the arguments of two proponents of this general view, David Grusky and Jan Pakulski (note: although Grusky describes his approach as reconstructing the concept of class in a new way, really he is making the same basic kind of argument as Pakulski). While I am quite critical of their arguments, nevertheless I think that they do identify some real processes that exist in the world and that even if the rhetoric is sometimes excessive – especially in the case of Pakulski and another writer in this vein, Paul Kingston – their arguments should not be dismissed out of hand.

Underlying both of these writers is a fairly straightforward point. Inequality is a multidimensional phenomenon in two ways: first, there are many distinct aspects of economic or material inequality, and second, economic inequality is only one broad type of inequality. “Class” only really exists when there is a specific kind of configuration of these two multidimensional clusters of inequality.

### **I. Grusky: the replacement of “Big Classes” by “micro-classes”**

Grusky’s arguments are in places a little confusing because he uses the term “class” in the expression “micro-class” to describe what most sociologists would simply call occupations. He regards these as the only “real” units that systematically structure the patterns of inequality; larger aggregations are strictly “nominal” categories, concocted for the convenience of description but not because they tap bounded social entities. I agree with Pakulski that it is misleading to call these “micro-classes”.

The key idea in Grusky’s analysis is the existence of what he calls an “inequality space.” This consists of all of the salient ways in which people have socially-determined attributes which are unequally distributed. This is a large, multidimensional space and includes, among other things: income, education, wealth, authority, various kinds of risk, status, well-being, working conditions, exposure to health hazards, and many other things. There are really no constraints on the full list one might want to construct. These are the *real* attributes that exist *in the world*, not just in the heads of theorists. The empirical problem is to understand the “*structure of an inequality space and how it is changing*” (p.67 Are there social classes?).

Grusky proposes two strategies for accomplishing this, which he refers to as the “pure strategy” and the “effect-calibrated strategy.”

### 1. The “pure strategy”

You begin by defining the relevant dimensions of the space-of-inequality. In most sociological analysis these are themselves grouped into three clusters:

- investments and endowments of various sorts: personality attributes, human capital, formal and vocational schooling, experience
- working conditions: type of employment contract, union status, labor market type, job autonomy, authority, complexity
- rewards: earnings, investment income, program income, and wealth. (Note: some wealth might be better considered an aspect of investment and endowment, but this won't much affect the analysis).

The task is then to develop a method which reveals the structural shape of the space – how the dimensions cohere, how boundaries are formed, etc. Latent class modeling provides the method. In the chapter he illustrates this with some nice diagrams. “Big Classes” – or what most people would simply call “classes” -- only exist when the distribution of positions along dimensions are clustered in a specific way. Here is how Grusky describes this: “After all, class models make multidimensionality tractable by characterizing it in terms of a relatively small number of categories, each representing a distinct combination of endowments, working conditions, and rewards.” If the latent class modeling techniques show that this configuration “fits” the data better than alternatives, then there is an empirical grounding for the existence of Big Classes.

### 2. effect-calibrated strategy

In the effect-calibrated strategy the idea is to assess the empirical validity of a hypothesized class by examining the extent to which the configuration of dimensions that constitute the class category have “emergent properties” that can be attributed to the configuration. The configuration could either be generated through the latent class modeling as postulated in the pure strategy or constructed on theoretical grounds, as I did in my approach to operationalizing class. The empirical test involves comparing the explanatory power of the dimensions taken as separate gradients with the explanatory power of larger “classes” constituted by their forms-of-combination. If there are “real” classes distinguishable from these underlying, separate dimensions, then there should be emergent properties with measurable consequences. This is roughly equivalent to treating the configurations of criteria that define a class the way chemists treat a chemical compound as a configuration of elements: H<sub>2</sub>O is a compound, and it has emergent properties that are distinct from the separate properties of O and H that come from the way the elements are combined. The effects-calibrated strategy argues that if Big Classes are “real” and not just nominal categories, then they should be like compounds.

On the basis of these two strategies, Grusky basically argues that Big Classes are purely nominal categories, constructed by theorists to simplify data analysis for descriptive purposes, but that they do not themselves tap real categories. The real categories that are operative in the lives of people – which do in fact structure their experiences, interests, identities, affiliations, interactions, etc. – are micro-classes, i.e. occupations.

## II. Pakulski: complex classless inequality

Jan Pakulski is probably the most articulate and interesting theoretical contributor to the thesis that class is irrelevant to understanding inequality. He wrote the lead essay in a widely discussed symposium on the death of class in the journal *Theory & Society* in the 1990s and published a book by the same title.

His analysis revolves around three core theses:

- The *classness* of social inequalities vary historically
- Classness peaked in industrial society and has been declining every since
- Contemporary society remains unequal but in a (mainly) classless way

This argument is rooted in two groups of ideas, one from Weber and one from the Durkheim.

### 1. From Weber: generative structures.

From Weber comes the central idea that there are a variety of generative structures of social inequality. These can be grouped under some general headings – such as Weber’s triplet property rights and market freedoms; established values and conventions of honor; and corporate bureaucracies, especially in the state. These three clusters of mechanisms generate “historically diverse matrices for the distribution of societal power and individual life chances.” One – but only one – pattern is what can be called “class structure”. This corresponds to three conditions:

1. The centrality of property and employment relations for shaping social inequalities around power and life chances
2. The centrality of class structure in shaping other social relations – the correspondence between class relations and group formation
3. The centrality of class structure in shaping social antagonism and overt conflict.

The full-blown class-structuration configuration is rare and relatively unstable, Pakulski argues. He writes:

“When sociocultural articulation is weak – that is, when (1) strata boundaries are blurred, (2) group identities and solidarities are weak, (3) distances are cross-cutting, (4) and divisions are fickle – social inequalities may take a complex and unstratified form. Late modernity ... marks a shift in this direction of complex inequality.”

When these processes go far enough, you end up with the contemporary pattern of “Complex classless inequality”.

**2. From Durkheim: functional differentiation.** From Durkheim comes the central substantive argument about the social forces which erode class-based “sociocultural articulations”. While many processes come to play in this increasing class-dissolving complexity, the most important centers on the long term process of *occupational differentiation*. This is really a key idea for Pakulski and roots his analysis firmly within the Durkheimian tradition of sociology.

Occupational differentiation is above all a form of functional specialization in the development of the division of labor. Other aspects of occupational differentiation are secondary. Credentials, for example, are basically ratifications of such functional differentiation rather than primary power mechanisms that create opportunity-hoarding and exclusions. A number of large scale macro-processes underwrite this process of increasing functional differentiation: capitalist development, modernization, technological change. These processes generate meaningful, organic occupational differentiation of increasing complexity. This is fundamental because in Pakulski's view (following some arguments elaborated by Grusky) "occupations are the product of spontaneous differentiation and 'organic' social clustering. They form genuine 'moral communities...and engender strong identities." (159)

The trajectory towards *complex classless inequality* is driven by such occupational differentiation. In Pakulski's words:

"...class formation [is] first weakened by occupational differentiation and market fragmentation, then undermined by the unraveling of corporatist deals, and finally destroyed by the decomposition of class elites, organizations (parties and trade unions) and ideologies."

### III. Comments

It is tempting to simply dismiss these arguments by attributing them to some foundational epistemological or methodological disagreement. I think it is better to try to diagnose more precisely where there are substantive disagreements about how to approach these problems and provide arguments in favor of the continued importance of class and thus the relevance of class analysis.

#### 1. Capitalism

Perhaps the most important issue in play here is relationship of the concept of "Capitalism" to the analysis of class. Neither Grusky nor Pakulski hardly mention capitalism. Grusky's multidimensional space of inequality could be specified in any form of society. The same dimensions would appear in Feudal society. Presumably the latent class models would discover different configurations for feudalism than for capitalism, but the inequality space would be fundamentally the same.

In Marxist class analysis we begin with the specification of the overall macro-structure of a system of production. Here we are interested in defining the fundamental mechanisms that distinguish one system of production from another. In the case of capitalism, the central properties are: a market for the exchange of commodities, private ownership of the means of production, the separation of the direct producers from those means of production, and a labor market. This characterization of the core structures of capitalism, then, is the foundation for the abstract account of the class relations of capitalism, above all the capital/labor relation.

This starting point has two pivotal analytical purposes: first locating people with respect to the class processes of capitalism, and second distinguishing capitalist class relations from other

kinds of class relations. Both of these enable us to give systemic theoretical order to the complexity of concrete analysis of specific contexts. Let's first look at the mechanisms and then these two contexts for understanding complexity.

## 2. Basic mechanisms

The account of capitalism as a mode of production underwrites the specification of two dimensions – not an open-ended inventory of an inequality space – class relations: exploitation and domination (within production) as these are connected to the ownership of and separation from the means of production. These are the fundamental relations that are constitutive of class. With respect to these mechanisms, classlessness implies either (a) that all people are located in a similar way with respect to these mechanisms, or (b) in spite of variation in the location of people, these mechanisms no longer generate consequences. This comes close to implying dissolution of capitalism, not just class. So long as capitalist exploitation and capitalist domination remain effective mechanisms which stamp the interests and experiences of people, then class remains a real causal process.

## 3. Complexity within capitalist class relations

Pakulski's central point is that the complexity of the way different generative processes intersect and interact means that they lose the minimal coherence needed to call these classes. Here is a way he put it in replying to some of my arguments in the *Theory & Society symposium*:

“The traditional distinction between employers and employees is being broken down by a reorganizing process that involves downsizing, flexible specialization, value-adding partnerships, employee-shareholder schemes, job enrichment, reprofessionalization of labor, worker buy-outs, and various forms of employee participation and industrial democracy. Viewed from within a class theory, this increasing number of employer-employees may appear to inhabit “contradictory” locations, but they only appear contradictory because the theory is itself inadequate to current complexity. They are in fact stable and comprehensible situated patterns of experience that have nothing to do with class.” (p. 735 T&S article)

These kinds of changes within capitalist production do render class relations more complex at the concrete level of abstraction. But do they really dissolve class in a meaningful sense? The overwhelming majority of employees in most capitalist countries, for example, can still be fired by their employers, often with virtually no constraints. The “flexibility” in “flexible specialization” often entails increases in the discretionary power of employers over employees, both in terms of hiring and firing and in terms of work assignments. Even in countries where job security has traditionally been very high, these protections seem to be eroding under current conditions. Most employees do not have a “diversified portfolio” of either skills or capital assets, and thus when they lose their jobs in the name of “flexibility” they often face relatively bleak prospects. As the experience of radical downsizing has shown, even many managers who strongly identified with their firms and thought that they had secure jobs, find themselves at midcareer unemployed and discover that the working class dimension of their “contradictory

class location” was more important than they had thought. The real distinction between employers (those who hire and fire employees) and employees (those who must seek work in a labor market to earn a living) is hardly breaking down. So long as the underlying mechanisms identified by class theory continue to exist, there is no reason to assume that simply because individuals are linked to these mechanisms in more complex ways that the mechanisms themselves will cease to have effects.

#### 4. Complexity of hybrid forms of class relations

One of the examples I used in my commentary on Pakulski was the contrast between a fully worker-owned factory and an ordinary capitalist factory. I argued that the claim that the conventional capitalist firm was “classless” was equivalent to saying that there was no important difference between these two. Pakulski replied this way:

“Wright's example of a relocating factory actually shows how immaterial the pattern of ownership can be to life-chances. A socialist cooperative might choose not to relocate, but would, *ceteris paribus*, fail in the face of lower overseas labor costs anyway and the ‘workers’ would still lose their jobs. It is relative international competitiveness and not the existence of capital that would decide the outcome under conditions of globalization.” (*Theory and Society symposium*, p735)

This is an old and honored view, not in sociology perhaps, but in neoclassical economics for sure. Paul Samuelson made this point in a famous quip: “It does not matter whether capital hires labor or labor hires capital.” This is essentially what Pakulski and Waters say when they argue that it does not matter whether a worker is employed in a private capitalist corporation or a worker-owned collective; in both cases they will lose their job if it is economically rational in a competitive market for the private corporation to move its production abroad.

This is indeed a strong claim, and if true would severely vitiate the explanatory relevance of class for a wide range of problems. But is this a defensible view of the way capitalist markets actually work? I think not.

The worker-owners in a worker-owned firm are likely to behave quite differently from the employers in a conventional capitalist firm even when faced with the same competitive pressures from the international market. Two things are especially important here: first, the problem of opportunism of capitalist employers in response to employee sacrifices, and second, the nature of the trade-offs and interests of capitalist owners compared to worker-owners.

Worker-owners are likely to be much more willing to increase their effort, accept pay reductions, and make other adaptations to maintain the viability of their firm than would the comparable workers within the capitalist-owned firm. Why? First worker-employees in a capitalist firm are likely to worry about employer opportunism: employers may say that they will keep the firm in its present location, protect employment levels, and share future gains with workers if only the workers would work harder, but since information is imperfect (workers cannot know the true intentions of their employers), workers are generally unlikely to have confidence that employers will keep to their side of the bargain. Historical experience has time

and time again shown that sacrifices of various sorts by workers are often not reciprocated by their employers.

[Note: Of course, opportunism is also possible among the collectivity of worker-owners; shirking and other forms of free riding do not disappear simply because employees become owners of the firm within which they work. The strategies available to worker owners for solving such problems, however, are likely to be different from and less costly than the strategies available to employers. For a discussion of these issues see Sam Bowles and Herb Gintis, "Contested Exchange", *Politics & Society*, June 1990, and Michael Burawoy and Erik Olin Wright, "Coercion and Consent in Contested Exchange," *Politics & Society*, June 1990]

Worker-owners are also likely to behave differently from capitalist owners because they bring different motivations to their investment decisions. For the capitalist investor the only issue of systematic importance is profit maximizing. A capitalist owner will be willing to move a firm to a cheap labor region when the rate of profit (counting, of course, the transition costs of moving there) will be higher, even if it was possible to continue producing in the higher labor cost areas but with a lower rate of profit. Worker owners have different stakes in the location of the firm and face dramatically different trade-offs in decisions about rates of profit, wage rates, and other factors. Above all, for worker-owners the firm is not simply a source of profits, it is also a source of employment in the specific place where they live and have social ties and a source of labor income. Moving the firm abroad would have large negative externalities on these communities, and this also is something which geographically and socially rooted workers care about but which investors do not. Because worker owners within a democratically governed firm will have higher levels of trust in the decisions made by the firm and because they have much higher stakes in the specific firm, they will be prepared to adopt all sorts of strategies to respond to competitive pressures which would be unavailable to an ordinary capitalist firm.

[One additional note here: If we lived in a world of perfect information, complete markets and perfect competition as fantasized by neoclassical economists, then probably such location issues would no longer matter for workers. The worker-owners could simply move their factory abroad, hire a manager to run it for them, reap higher profits from their ownership rights than before, and seek employment as employees in some other firm locally. Since all markets would clear in a world of perfect information, complete markets and perfect competition, they would be able to find such jobs, and the sum of the wages in their new jobs plus the enhanced profits from their ownership of the firm now in a cheap labor area, might be greater than their previous total earnings. It would also be the case that with complete markets and perfect competition, if there were any social properties of the work setting which the workers valued, they would be able to find jobs with those attributes (and there would be appropriate wage adjustments for the costs, if any, to the employer of providing jobs with those attributes). If we lived in a world of perfect information (and the other desiderata of the Walrasian model), then even taking into consideration the stake worker-owners might have in their personal geographical location and job qualities, they would still in principle be indifferent to the location of the firm they owned and would thus behave just like the capitalist owner. But we do not live in such a world, and because of this, who owns what matter.]

This example raises an interesting issue in the explanatory role of class relations in social research. Consider the following two possible forms of capitalism:

1. *Cooperatives-supporting capitalism*: The state has adopted a series of rules (perhaps in response to popular struggles) which provide subsidized credit markets for worker-owned cooperatives and a variety of other services which increase the viability of producer cooperatives (training programs, information programs, R&D services, etc.) so that a strong cooperative sector develops. The public subsidies are justified on the grounds that an economy with lots of worker-owned firms is a “public good” because of the positive externalities of such firms, just as public universities and public transportation are subsidized because of their positive externalities. The existence of worker-owned firms is seen as a “natural” feature of a well-ordered capitalist economy.
2. *Anti-Cooperatives capitalism*: No favorable institutions exist to encourage and sustain worker-owned firms, and because workers have limited collateral, interest rates for loans to cooperatives are higher than average market rates. The result is that there are virtually no worker-owned and run firms aside from small artisanal producers. Living in this form of capitalism, the absence of worker-owned firms seem natural. Clearly they do not exist, the argument goes, because they are inefficient and cannot effectively compete with capitalist firms.

In the first world it would empirically observable the extent to which working in a worker-owned firm was different from a capitalist-owned firm. This, in turn, would give empirical weight to claims about the causal efficacy of the mechanisms of private ownership, exploitation and domination. In the second world this is not empirically observable because the political-economic context eliminates this form of variation. Does this mean that it would no longer be the case the non-ownership of the firm by workers in the conventional capitalist firm helped explain their fate in a global market?

## Conclusion

Marxist class analysis is above all rooted in the claim that the way the rights and powers over the pivotal assets used in production are organized matter for the interests and experiences of the various kinds of social actors engaged in production. Capitalism is a specific way of organizing those rights and powers. The classness of capitalism would only decline if either (1) everyone in capitalism was located in the same way with respect to these mechanisms, or (2) the effects of the mechanisms connected to these rights and powers – exploitation and domination – were neutralized in some way. This could indeed happen. I would argue, for example, if there was a generous unconditional basic income grant given to everyone in a capitalist society which made it possible for people to freely exit capitalist production, then the classness of capitalism would be eroded: people’s lives would be less dependent upon their ability to sell their labor power on a labor market. But increasing complexity in the ways social positions and the lives of people in those positions are linked to domination and exploitation is not the same as a dissolution of those mechanisms, and thus not the same as the end of class.



