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**Social or Economic Class? False Dichotomies,  
Reductionism and Abstract Categories**

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# SOCIAL OR ECONOMIC CLASS? FALSE DICHOTOMIES, REDUCTIONISM AND ABSTRACT CATEGORIES

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## **Abstract**

Against the backdrop of socio-economic conflict, this paper analyses a number of approaches to classes in the economics, political economy and sociology literatures. Our argument is structured into two themes which consider: (i) class and individualism; (ii) social and economic classes. We also consider deductive and inductive class analyses within these themes. This typology is used to classify the methodological approaches of scholars from a variety of traditions, thereby providing a basis for assessing their congruence, and the plausibility of developing an integrated perspective on class, spanning heterodox economics and sociology. Initial discussion considers classical political economy and its Marxian derivatives, including Lenin's criteria for categorising classes, and relatively recent approaches derived from economics, political economy (in the Marxian tradition), and sociology. Based on our analysis of the two themes identified we argue that the abstract pairs of categories — class-individual, social-economic — should not be falsely dichotomised. In addition, we argue that a reductionist approach to class (be it economic or micro-reductionism) only provides a partial account, and fails to capture the complexity of class in relation to other forms of social stratification.

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## 1. Introduction

Class is an important element in the make-up of contemporary societies. It is also complex. At the most basic level the capitalist and working class have opposing interests in the distribution of income. However, within and between nation-states, shared interests can cut across class divides. In recent years, this has been manifest in the US with Donald Trump's presidency, where with significant working class support he has succeeded in pushing a narrative whereby Mexican and Chinese workers are the enemies of US workers, with evidence pointing to a role for racism and sexism in his election victory (Schaffner, Macwilliams and Nteta, 2018). In the UK, Brexit was another manifestation of working class division, and evidence points to left-behind communities voting as a reaction against migrant workers (Hearne, Semmens-Wheeler and Hill, 2019). A similar pattern is repeated in a series of EU countries like Italy and France, with the far-right garnering increased working class support. In the wake of the Global Financial Crisis (from 2007-8), in which governments propped-up finance through bailing out banks, austerity was imposed on workers, in *extremis* in Greece. However, the contemporary political debate seems to view class as secondary, as other axes of social stratification gain greater prominence (examples including #MeToo, and the Black Lives Matter movement). Although the main contribution of our paper is methodological and theoretical, the apparent neglect of class as driver of contemporary inequality suggests the need to revisit classes, and their formulation.

In this paper, we explore class, stressing the dichotomies and forms of reductionism in scholarly debates in the economics, political economy and sociology literature. These issues are fundamental concerns for these approaches; however, the configuration of academic disciplines complicates their study. By the end of the nineteenth century, economics and sociology had emerged out of political economy, and as we demonstrate this created a challenge as the explanatory role of classes was purged from mainstream treatments, as the political and methodological individualism of neoclassical theory began to predominate. For these reasons, an examination of the relationship between economics and sociology, in relation to class, is both conceptually and contemporaneously apposite. Although some researchers have argued that there is a trend toward economic sociology or socio-economics (Zafirovski, 2016), we would argue that contemporary class analysis has not been a focal point of discussion, and continues to be largely ignored in the mainstream economics literature.

In this context, our paper explores two themes — (i) class and individualism; and, (ii) social and economic treatments of class — in relation to leading thinkers from the history of economics and sociological thought. In so doing we draw upon the notions of reductionism in the context of marginalism, as identified by Fine and Milonakis (2009).<sup>2</sup> We structure the paper based on the pairs of abstract categories that are identified as dominant on this issue, presenting the literature that focuses on these categories (See Table 1). In the next section, we consider the debate over the relationship between the individual and class, and definitions of class which define it, respectively, on a micro or a macro basis. In the third section, we discuss the relationship between sociological and economic configurations, their false dichotomy, and disciplinary reductionism. A recurring theme is deductive and inductive approaches towards class analysis. In the final section, we summarise and indicate a way ahead for heterodox economics, which draws upon an interdisciplinary, anti-reducionist, perspective.

## **2. Individual versus Class: Micro or Macro approach towards class?**

Reductionism is usually presented as a position in the philosophy of science concerning the relationship between adjacent areas of scientific interest (Little, 1991, pp.190-1; Philp, 1996, p.241). Frequently, reductionist claims are stated in the form that something “just is” something else. Microreduction is the claim that a certain object can be explained as the sum of the parts. Thus, Oppenheim and Putnam (1991 [1955]) suggest social groups should be explained by the interactions of the individuals which comprise those groups.

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<sup>2</sup>Fine and Milonakis (2009) identify a ‘triple reductionism’ in mainstream economics. The first two — explanations are reduced to the level of the human individual, and the economy is treated as being governed solely by supply and demand — are discussed in detail here. The third element of their criticism challenges definitions of class that attempt to attribute a universality among the different stages of history, arguing that they are problematic.

**Table 1:** Abstract Categories, False Dichotomies, Reductionism

Abstract categories	False Dichotomies	Reductionism	Framework proposed
<b>Class-individual: Microfoundations</b>	Classless individuals vs. classes as units of analysis.  <b>(1A)</b>	Classes are simple aggregations of individuals and their relationships.  <b>(1B)</b>	Different “levels” of analysis are plausible in social science, and the analysis of interactions between levels should be integral to class analyses.  Factors in addition to class influence behaviour.
<b>Social-economic</b>	Social vs. economic definitions of class.  <b>(2A)</b>	Social class is a form, or manifestation of, underlying economic forces.  <b>(2B)</b>	Social and cultural factors cannot be analysed independently of the economic.  Although we may define a group economically, social and cultural forces create linkages that render class interactions irreducible.

Mainstream economics, in common with Austrian economics, broadly adopts a methodological individualist approach to explanation, which is a microreductionist approach (1B in Table 1). In contrast, according to Fine and Milonakis (2009), classical political economy treats ‘the economic system as a whole ... [as] the object of investigation, while classes form the basic unit of analysis’ (p.13). However, it is also possible to observe elements in Adam Smith’s work that go beneath this macro-level, and Urquhart detects one of Smith’s main dualisms, between ‘individualistic self-interest’, which can be contrasted with the ‘collectivist structuralist distribution of wealth in aggregate terms’ (1993, pp.190-1). These two aspects of Smith’s work spawned different traditions, with Ricardo and Marx following a macro-view, while the marginalists, neoclassicals and Austrians adopted an individualist approach.

In the early nineteenth century, Ricardo began to develop one part of Smith’s theory of distribution, innovating with regard to the theories of value, rent, machinery and trade. Ricardo developed Smith’s class-based theory, arguing that output ‘is divided among three classes of the community; namely, the proprietor of the land, the owner of the stock of capital necessary for its cultivation, and the labourers by whose industry it is cultivated’ (Ricardo 1951 [1821], p.5). As with Smith, Ricardo maintained that in the progress of society, the distribution by class changed, but he also incorporated diminishing returns in agriculture into his theory. Fine and Milonakis (2009) argue that ‘Ricardo’s analysis is ... devoid of Smith’s dualism’, with Ricardo being committed to a holistic treatment of class (p.21). By bringing together three traditions — German philosophy (*dialectics*), French socialism, and British political economy — Marx’s socio-historical analysis treats classes in similar fashion. Indeed, it is classes rather than individuals that are the basic units of analysis in Marx’s system, with class conflict as the catalyst of change (see 1A in Table 1).

Marx and Engels (1967 [1848]) also truncated the three-class structure of classical political economy into two: the capitalist class (the bourgeoisie) and the working class (the proletariat). Each was defined in terms of their relationship to the means of production. This was developed within a surplus-value model, where Marx (1976 [1867]) argued that the exploitation of workers is a necessary feature of capitalism. This entails classes are not merely “groups” of people, as they are categorised by their relationship to the means of production which, itself, generates conflict. In particular, conflict over wages, the length of the working day and technological change has profound distributive consequences. As Marx notes: ‘individuals are

dealt with here only in so far as they are personifications of economic categories, the bearers of particular class relations and interests' (1976 [1867], p.92).

In the twentieth century, Lenin (1919) further developed the Marxian approach to class. This was at a time when Marxists were wrestling with the practicalities of implementing socialism in the post-revolutionary Soviet Union. Within this framework 'large groups of people' (p.15) were categorised as "classes" according to: (i) their status in a historically-determined system of production; (ii) the proportion of the means of production they possess; (iii) their role in the social organisation of labour; (iv) the type and quantity of socially produced wealth they could access. Although we are presently focussing on the "level" of analysis in relation to microreductionism (cell 1B and 1C in Table 1), by focussing on 'large groups' of people, Lenin obviates the need to explore small and peculiar groups, which may be anachronisms from previous modes of production. He also prepares the ground for a historical conception of class, in contrast to the ahistorical individual.

Classical and Marxian political economy shared a focus on class-based distribution of income as a determinant, and consequence, of societal progress. In contrast, as neoclassical economics began to develop — initially through Jevons (1970 [1871]), Menger (1976 [1871]) and Walras (2013 [1874]), and later through Wicksteed (1894) and Clark (1908) — the focus began to switch toward individual agents and "natural laws" which governed their remuneration. Departing completely from the political economy tradition, and following Smith's principle of self-interest, marginalists focussed their analysis on individual agents. For Menger, only individuals have interests (1985 [1883], p.93). No collective body, such as the national economy, can be analysed in its own right, without reference to its individual constituent members (reductionist fallacy 1B). According to Zouboulakis (2002): 'In marginalist hands, and later on with neoclassical writers, methodological individualism takes the specific form of what has been called 'psychological individualism', in which the individual is simply considered as a rational agent driven by some psychological (utilitarian) motive, to maximise their own benefit' (p.30). Methodological individualism was thus combined with the calculus of optimisation (for discussion of this see Fine and Millionakis, 2009, pp.91-118).

An early example of marginal productivity theory was outlined in Wicksteed (1894). He argued that an entrepreneur contemplating hiring or firing a workman would evaluate whether the

individual was “worth” his wage, ‘i.e. whether he will increase the product, other factors remaining constant, at least to the extent of his wage; and he will take on more men as long as the last one earns at least as much as his wage, but no longer’ (p.9). Clark (1908) was also interested in the “laws” by which the income of society was divided between wages, interest and profits. He challenged the view that the existence of profit was founded upon the exploitation of labour, and appealed to a property principle — ‘to each what he creates’ (1908, p.9). As he argues further on: ‘The product of any productive agent is, in fact, just what it can add to the marginal product of capital and labor’ (p.346).

Schumpeter also considered issues of microreduction. Although he argued that ‘there is no choice but to start with the individual’, he clarifies that: ‘In some problems of sociology or political life ... we have no choice but to start from the social whole’ (1931, p.287). In particular, he claimed that: ‘We know that every individual is fashioned by the social influences in which he grows up. In this sense he is the produce of the social entity or class and therefore not a free agent’ (p.286). Elsewhere, Veblen did not prejudge the superiority of individualistic formulations and conducted his analysis at different “levels”. For example, Veblen (1990 [1914]) adopts an individualistic and psychological treatment, departing from the rationality and optimising behaviour that marginalists assumed, instead offering an analysis of instinct and habit psychology. In contrast, Veblen (1994 [1899]) develops a collectivist analysis, where classes become the basic unit, and different types of institutions and instincts (e.g. the leisure class, business enterprise) define human behaviour. This leads Hodgson to conclude that ‘Veblen has avoided reductionism in either direction’, adding that ‘individuals and social structure are mutually constitutive’ (2004, p. 179).

Parallel to the developments in economics and political economy, sociology was posing questions regarding class. Weber (2002 [1905]) was particularly important in this regard. Contra Marx’s historical materialism, Weber emphasises the sphere of culture. More specifically, his analysis of Protestantism and its relationship to capitalism was his most significant contribution. For Weber, class and social status are two dimensions of the social structure. Weber’s class analysis incorporates a specific causal component of actors’ life chances, which are based on economic interests and wealth, and represented within labour and commodity markets. Possessing material resources, acquired by advantage in the market, generates different living standards. Of interest to us is the role of the “actor” in Weber’s



analysis, in relation to power, domination and social action. In this context, “power” is identified as the ability of an actor to command resources, “domination” is the exercise of authority by actors, and “societal action” requires actors to believe that they belong together with others, sharing a belief of affiliation. Of relevance here is the actor appears to be an individualist formulation (1B), albeit it the shared belief of affiliation is external to the actor.

In contrast, Durkheim (2013 [1893]) suggested that sociology should study phenomena attributed to society at large, rather than focussing on individual actors. In particular, he was interested in social facts: ‘A social fact is every way of acting, fixed or not, capable of exercising on the individual an external constraint; or again, every way of acting which is general throughout a given society, while at the same time existing in its own right independent of its individual manifestations’ (Durkheim, 1964 [1895], p.13). In addition, social facts are attributed to other social facts, instead of individual behaviours or individual consciousness. This approach is diametrically opposed to the individualist formulations of neoclassical economists and Weber, but Durkheim’s overwhelming focus on the social relegates individual agency to a secondary concern, contra our recommendation (1C). As noted by Allan (2005): ‘Even the most “individualistic” or “subjective” phenomena, such as love, freedom or suicide, would be regarded by Durkheim as objective social facts’ (p.108). His structural functionalism approach allows little space for causal “feedback” from the individual and, although Durkheim’s work consists of a strong polemic against methodological individualism, it is restricted in its one-way causal approach to interaction from society to the individual.

Among the more recent sociological approaches, Bourdieu’s (1984) has attracted a great deal of attention. In his framework an individual’s position in social space is connected to practices via the notion of class habitus. Habitus frames each individual’s position in social space, manifest as clusters of preferences and practices. Culturally, consumption proclivities emerge which are associated with different social classes. Habitus thus offers a sociological theory that accounts for preference formation in an interdisciplinary way, which is a subject largely ignored by mainstream economists. A further element of Bourdieu’s theory is that of field, or ‘field of social classes’ (Bourdieu 1984, p.345; Weininger 1984, p.128). This metaphor likens the social setting to a sports field or battlefield, where individuals compete from a position of advantage or disadvantage. As Fine (2000) notes, although Bourdieu seems to analyse at both a micro and macro level, his methodological individualism is manifest when he compares

individual endowments of economic and cultural capital. Likewise, as noted by Crompton (2010), sociology has witnessed ‘a sidelining of the significance of material structures ... and a growing emphasis on cultural explanations as well as an embrace of individualist interpretations (p.11; see also Savage, 2000).

Wright is another prominent sociologist whose work gained recognition in the later part of the twentieth and early part of the twenty-first centuries (1985, 1994, 2005). Working within the analytical Marxist tradition, Wright’s (1985) primary concern was what constitutes a class? In exploring this, he notes of Marx, that much of his work is concerned with “abstract structural maps of class relations, and the analysis of concrete conjunctural maps of classes-as-actors” (1985, p.6). A hallmark of analytical Marxism was its search for microfoundations, although Wright did not embrace the methodological individualism adopted by others in this school (Elster, 1985; Roemer, 1981, 1982, 1994), instead endorsing a particular form of anti-reductionism. Wright et al (1992) maintained that relationships between human individuals were explanatory, but not all macro-social entities could be reduced. In later work, Wright (2005) sought to clarify this further, distinguishing between macro- and micro-levels of analysis. The former sought to analyse at an aggregate level, for example examining how high degrees of concentration in a particular industry might impact the potential for trade union organisation. In contrast a micro-analysis of class seeks to ‘understand the ways in which class impacts on individuals’ (p.13). This bears some similarity to Veblen, since instinct and “habit psychology” could be thought of as manifestations of the effect of class on the individual. Moreover, it represents an alternative view from that within mainstream microeconomics, which takes preferences as given and individual behaviours as generators of aggregate outcomes. In this sense, Wright does not dichotomise class and the individual.

Overall, the neoclassical approach to factor incomes, based on marginal productivity theory, provides an unsatisfactory basis for explaining contemporary patterns of income distribution and inequality. As noted by Crompton, it is necessary ‘to retain a focus on institutions and structures — including the structure of the employed labour force — that contribute to the persistence of class inequality’ (2010, p.20). Thus, a methodological individualistic formulation fails to capture more complex social forces and, although less narrow, formulations such as those of Weber and Bourdieu, might also be criticised on the basis of their individualism. Ricardo, Marx and Durkheim may also be seen problematic, as they focussed

on classes, without paying attention to the explanatory role of human individuals. We would maintain that different levels of analysis are plausible in social science, and the analysis of interactions between levels should be integral to class analysis (see Table 1).

### **3. Social or Economic Classes**

A second sense in which the term “reductionism” is used pertains to disciplinary frameworks and concepts. By way of example, Fine and Milanokis (2009, p.109) criticise mainstream economics for a reductionist fallacy whereby the economy is treated as being governed solely by supply and demand, with non-economic or social factors excluded. In this vein, the importance of defining class as a socioeconomic category, and not reducing it to a particular disciplinary focus or aspect, is explored in this section.

Smith’s theory of distribution was constructed historically from a primitive society (“the rude state”), which precedes the accumulation of stock and appropriation of land, to a capitalist society, where three classes served as the basis for classical political economy (landlords, masters and workmen). Smith was also aware of the political sphere, analysing the state of development and its effect on class-based distribution in different countries. It is noteworthy, as argued by Philp and Trigg (2016), that Smith highlighted the political and legal context that served the interests of masters, against the worker. But, his principal focus was on classes, defined by category of income.

This focus on income categories was also manifest in Ricardo’s work, where he identified a clear conflict of interest (1951 [1821]). Marx’s work is distinctive from Smith and Ricardo in that he grounds the conflict between classes in the production process itself (rather than in the sphere of distribution). The socio-political aspect of class are manifest in much of Marx’s work. For example, Marx (1955 [1847]) distinguishes between a “class in itself”, which is a class that is not yet conscious of itself, and a “class for itself”, a class already conscious of its social role. More specifically, he states: ‘Economic conditions had first transformed the mass of the people of the country into workers. The combination of capital has created for this mass a common situation, common interests. This mass is thus already a class as against capital, but not yet for itself. In the struggle ... this mass becomes united, and constitutes itself as a class for itself. The interests it defends become class interests. But the struggle of class against class is a

political struggle' (1955 [1847] p.79). Therefore, class struggle is not a mere economic activity focusing only on economic interests, but a political struggle too.

Marx and Engels situated their analyses of human societies in the context of modes of production (primitive, slavery, feudalism, capitalism) with an associated socio-political superstructure (including culture, institutions, political structures and the state). In this sense, class is not defined solely in terms of distribution but, primarily, in relation to how an individual participates in the sphere of production. The former would constitute an economic definition of class. However, acknowledging the latter, it is clear that there is political and social dimension to class too (framed as it is by the superstructure). Foretelling the account of primitive accumulation in Marx (1976 [1867], pp.873-940), Marx and Engels observe: '[The bourgeoisie] ... has agglomerated population, centralised the means of production, and has concentrated property in a few hands. The necessary consequence of this was political centralisation' (1967 [1848], p.85). Thus, while the superstructure does not create classes as such, it reinforces production relations and class hierarchies. Thus, economic, social and political dimensions of class are inseparable, and we would reject the false dichotomy in 2A

In contemporary society, there are other axes of stratification, as noted by Fine and Milonakis (2009): 'Once again, greater complexity induces a rejection or refinement of Marx's theory of class for a range of criteria deployed in finer or alternative forms of stratification. This is so, even before considering the social reproduction of the capital-labour relation where political, ideological and other socio-economic relations become involved (as in gender, race, nationality, etc.)' (p.67). Engels (1972 [1884]), too, paid attention to within-class differences, such as gender inequality, which emerges in class societies. For instance, in the "primitive" mode of production, Engels suggests that there is neither class nor gender exploitation, but only natural differences. With the beginning of ownership in slave-societies, the exploitation of slaves by slave-owners occurs. And, this "ownership" creates the conditions for inheritance rights along patriarchal lines. According to Engels (1972 [1884]), the 'world historical defeat of the female sex' (p.120) is ushered in, as labour loses its social character and "women's work" in the social sphere is now transformed into women's work in the private household. Of course, under capitalism, women in bourgeois households enjoy considerably greater privileges than women in proletarian households, but the advent of a surplus within a class-based society, according to Engels, created the conditions for the subjugation of women.

In the first volume of *Capital Marx* (1976 [1867]) also describes how gender is located in this socioeconomic treatment. As mechanisation reduces the amount of physical power required in the production process, this facilitated greater participation of women and children in the factory. More specifically, Marx mentions that women and children's labour exploitation is the last advancement of mechanisation: 'In so far as machinery dispenses with muscular power, it becomes a means of employing labourers of slight muscular strength, and those whose bodily development is incomplete, but whose limbs are all the more supple. The labour of women and children was, therefore, the first thing sought for by capitalists who used machinery' (p.517). This implies an increased household supply of labour. Within Marxian analysis, capitalism socialises production, since large groups work in the factory. As this socialisation takes place, women also "return" to social production, partially removing them from household activity. This had implications, as noted by Humphries (1990), in the context of the loss of the commons; this proletarianization process was associated with the slow elimination of access to resources other than wages, ultimately damaging the wellbeing of the household. Increased female participation also increases class-exploitation, and depresses wages through increasing the supply of labour. Marx (1976 [1867]) argues: 'Machinery, by throwing every member of that family onto the labour market, spreads the value of the man's labour-power over his whole family. It thus depreciates it' (p.518). In summary, the perspectives of Marx and Engels see class formation and development as a historical process. They also show that the instruments of labour employed in the production process, particularly machinery, shapes class-based distribution of income, with ramifications for the household, comprising men, women and children. In other words the social nature of production drives distribution, implying 2B is an absurd abstraction.

Since the emergence of marginalism, mainstream economics has focussed on the individual instead of class. Concurrently, abstract economic behaviour was analysed based on the assumption of rational agents. The economy was reduced to market transactions and this created an impediment to interdisciplinarity with disciplines that emphasise "social" forces. In recent years, a number of mainstream economists have sought to use the mainstream method to investigate the concerns of other social sciences. This approach has come to be known as "economics imperialism", and its advocates have made bold claims. For example, Lazear has argued that '[mainstream] economics is the premier social science' (2000, p.99). Definitions

of economics imperialism in contemporary economics refers to economic analysis of seemingly non-economic aspects of life — such as crime, law, the family, prejudice, tastes, irrational behaviour, politics, sociology, culture, religion, war, science and research — using economics principles and methods. This is, explicitly, a form of economics reductionism, where societal outcomes are reduced to economic causes, and positive economics strips out any kind of social awareness (reductionism of form 2B).

There are also manifestations of this in heterodox economics. Sraffa's (1960) system has similar principles to Ricardo's in identifying a trade-off between wages and profits. His initial model considered subsistence production before introducing a surplus in which national income was distributed in the form of wages and profits. In line with classical political economy, he assumed equalisation of the profit rate and used the analytical tool of the standard commodity to frame his theory of distribution, deriving a negatively-sloped wage-profit frontier (pp.22-23). For a given wage (as a share of national income, expressed in terms of the standard commodity) we can derive the share of profits as a residual. There thus emerges a conflict of interests between the working and capitalist class in the economy as a whole. Although some have recommended Sraffa as a basis for developing Marxian economics (Steedman, 1977), its asocial nature is notable, and income is the sole basis on which to define classes. This work was developed further by Roemer (1980, 1981), who sought to generalise the result to one which permitted continuous substitution of factors of production. In particular, he developed a "Marxian" general equilibrium analysis of exploitation in a stylised capitalist economy (and in other types of economy too). Subsequently, this was extended to include a theory of endogenous class formation, based on initial endowments of capital, permitting decomposition in capitalism into five classes, who vary according to whether they utilise their own capital, and buy or sell labour power (Roemer 1982, 1988). The "pure capitalist" hires labour power; a "small capitalist" hires labour power but also works themselves using their own capital; the "petty bourgeois artisan" is purely self-employed; the "semiproletarian" is partly self-employed, but also sells labour power on the labour market; the "proletarian" is fully committed to the labour market, selling his or her labour power. Finally, Roemer (1994) formulated an alternative future for socialism based on initial endowments and incentives within a general equilibrium framework. Roemer's work continues to attract attention from a variety of scholars (Veneziani, 2013; Skillman, 2015). However, overall, the approaches of Sraffa, Steedman and Roemer provide mathematically robust treatments which do not rely on

marginal productivity theory. However, they all treat economic interactions in a way in which other aspects of class (social and cultural) are ignored, and so the critique of the mainstream by Fine and Milonakis (2009) — that the economy is reduced to market interactions alone — can equally be applied to the approaches of Sraffa, Steedman and Roemer (criticism 2B).

In examining the relationship between individual and class in institutional economics, Fine and Milonakis (2009) turn to Veblen, arguing: ‘Crucial in Veblen’s theory of institutional change and in his formulation of Darwinian cumulative causation is the concept of “habits of thought”’ (p.164). These are induced in human beings by their material circumstances, be it ‘hereditary bent, occupation, tradition, education, climate, food supply’ or what have you (Veblen, 1907, p. 438; cited in Fine and Milonakis, 2009, p.164). Veblen (1990, p. 239) defines institutions as, ‘settled habits of thought common to the generality of man’. As noted by Fine and Milonakis, such habits can be contrasted with the optimising, rational agent in marginalist economics, and class consciousness in Marxian political economy. In so doing, Veblen was able to identify the mechanism through which institutions affect preferences and tastes, thus connecting the institutional structure of society and human conduct (Hodgson, 2001, p.150; Fine and Milonakis, 2009, p.164). Other aspects of Veblen’s thought are of interest too, for example the notion of conspicuous consumption, where individuals adopt consumption patterns which emulate those of their peers. This leads Fine and Milonakis to conclude that, in Veblen’s analysis, private ownership and ‘pecuniary emulation’ (p.166) become ‘the material and psychological foundations of the leisure class’ (Bowman, 1998, p. xix).

Lenin’s approach, discussed above, should also be considered in relation to sociology and economics. Ownership of means of production is an important factor in his definition. Indeed, it is not the *ex post* distribution of income, but the *a priori* sphere of production that determines class. Additionally, although ownership of the means of production may be considered an economic factor (albeit with historical, political, social and economic drivers), the third criterion that Lenin put forward focusses on power relations as an element of class. An individual’s role in the social organisation of labour is not something that can be reduced to economics forces alone, and complex sociological power relations, both within the workplace and the complex Russian socio-political superstructure, occupied Lenin’s attention. His fourth criteria for defining a class (iv above) — the type and quantity of socially produced wealth that the classes can access — is an economic criteria, which resonates with the initial endowments

of mainstream economics, or Roemer's general equilibrium theory. However, this is only part of a general approach that includes economic and social aspects (thus it is congruent with our framework proposed in Table 1). Lenin also considers the position of women, arguing that even after the 1917 Russian Revolution women remained "house slaves". He suggested work was needed in creating a state apparatus to ensure women were emancipated and sex inequality eliminated (1919, pp.23-24). Overall, Lenin's development of Marx and Engel's class analysis considers the economic base and mode of production. However, as Lenin's framework acknowledges, capitalism is an evolving socio-political system with intra-class groupings characterised by people's role in the social organisation of labour. This was conceived in class-terms, but also in terms of inequality by gender.

Concerning sociology, Weber adopts a form of economic reductionism (2B). Class and status consist of the two dimensions which form the social structure. However, regarding class, Weber takes a narrow view: 'Class situation is ultimately market situation' (1946, p.182). In other words, this dichotomy (class-status) enables class to be reduced only to the economic, specifically to the market. Moreover, as noted by Sorensen, Weber's class does not incorporate a structural theory of inequality and Weber 'assumes standard economic theory of how people obtain unequal returns on their assets and resources' (p.4). Under conditions of perfect competition, and in the absence of transactions costs, 'there are no permanent advantages, or above the market returns, to be obtained at the expense of somebody else, thus class location is irrelevant' (Sorenson, 1985, p.4). It is noteworthy that Weber has argued that economic behaviour is influenced by social institutions in different realms, but there is a tendency, in his treatment of class, to adopt a form of reductionism not dissimilar to that of the marginalists.

Poulantzas (1975) expands Marx's analysis on the role of state and bureaucracy in advanced capitalism, offering a nuanced discussion of "class positions". Classes are categories within modes of production, which only exist within a given society. Poulantzas observes overlapping modes of production — or "social formations" — in individual societies, departing from the simple bourgeoisie-proletariat schema. Poulantzas (1975) distinguished classes by ideology and political stance, as well as economic circumstances. Linked to the concept of the labour aristocracy, Poulantzas discusses the "new petty bourgeoisie" (managers, technical personnel, etc.), who share many of the economic features of the proletarian class position, but cannot be considered typical proletarians due to their ideology and political views. This analysis was set



within the productive-unproductive labour framework, with Poulantzas observing: ‘every worker is a wage-earner, every wage-earner is certainly not a worker, for not every wage-earner is engaged in productive labor’ (1975, p.20). With the removal of this materialistic basis, the notion of class becomes blurred. However, by endeavouring to avoid the economic reductionism frequently associated with the Marxist tradition, Poulantzas relegates the economic base in terms of its importance for class analysis. Additionally, Poulantzas seems to conduct a task of analysing class in this new perceptive, almost in parallel with Bourdieu.

Bourdieu (1984, p. xii), in his ‘endeavour to rethink Max Weber’s opposition between class and stand’, suggests a causal connection between class location and habitus. However, in his work there is no suggestion as to which one of these two categories is primary. For Bourdieu, the occupational division of labour, which comprises a system, is an essential element of the class structure. An individual’s position in this division of labour is a manifestation of their capital, which is ‘the set of actually usable resources and powers’ which they possess (1984, p.114). In this context Bourdieu explains that there are different types of capital which are explanatory in this process, including economic capital and, crucially, cultural capital. Economic capital encompasses traditional wealth, including income, savings and ownership, each reflecting the key aspects of class in an economic sense. Cultural capital, in contrast, captures an individuals’ cultural preferences reflecting more than a personal preference: it is a marker of social status.

In contrast to Ricardo (1951 [1821]), Sraffa (1960) and Roemer (1980, 1981, 1982, 1988, 1994), who adopted a deductive approach to class, Bourdieu (1984, 1991) began by looking at data and constructing his categories on the basis of observation (i.e. an inductive approach). Using survey data Bourdieu sought to analyse individuals within their occupational position according to three criteria: (i) the volume of capital agents possess; (ii) the composition vis-à-vis economic and cultural capital; and, (iii) the individual’s trajectory (relative to their family of origin). The cultural is a competence which can be drawn upon in a particular social setting and stems primarily from education and family. Using this framework Bourdieu identifies the social space, and the three axes that comprise it — volume, composition and trajectory — are continuous.

Recent applications of Bourdieu's principles have captured the attention of academics, as well as having broader impact through media (e.g. Savage et al, 2013, Savage 2015; see also Wright 2005a, p.1). In developing their new social class typology, Savage et al argue we 'need to move away from a focus on class boundaries at the middle reaches of the class structure towards an analysis of the power of elite formation' (2016, p.1011). Savage et al (2013) established an individual's class position through a survey that included questions on three types of capital; economic, social and cultural.<sup>3</sup> An individual's economic capital is measured by household income, household savings and house value, combined into an assets-variable. Ambiguities emerge in that an individual may be relatively poor, where household income is high (a point acknowledged by Savage et al 2013). The three capitals form six standardized variables (e.g. mean status scores of contacts, total number of contacts, highbrow cultural capital, emerging cultural capital, income and assets) and the result is seven classes: elite; established middle class; technical middle class; new affluent workers; traditional working class; emergent service workers; and, the precariat. This work, particularly, received significant interest in the UK media, and from the public.

One criticism of Bourdieu's original work has been regarding his treatment of gender as another aspect of domination. Bourdieu's work developed in this regard. Initially, he regarded social space as the primary factor in shaping habitus, and demographic characteristics (gender, ethnicity, age) were secondary. Indeed, as women move up the social hierarchy, he suggested, the differences between the sexes tended to weaken (see Bourdieu 1984, p.382). As Weininger notes: 'The habitus is always "gendered"; however, the consequences of this (with respect to the practices it produces) vary according to position in social space' (2005, p.137). In later work Bourdieu discarded the view that gender was of secondary importance to location in social space concerning habitus. Indeed, as noted by Weininer (2005, p.139), Bourdieu pointed to the 'dramatic continuity of gender structures across historical time'.

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<sup>3</sup> The economic questions include questions on household income, ownership of capital and savings. The questions on social capital investigates a person's social network, analysing the interrelations between occupation groups. The cultural questions focus on the individual's leisure activities, differencing between high culture and popular culture. This provides an overview of the modern connections between occupation, geographical characteristics, educational profile and class. The analysis of social capital analyses the individual's social ties, where occupations with higher social status have higher scores, and occupations with lower status have lower scores. The social capital of a person is measured by the mean of their social network score. As mentioned previously, cultural capital distinguishes between high-culture and popular-culture. The measurement of this variable is complex as modern society's elite increasingly partake in popular-culture (e.g. attending football matches).

Fine (2000) has also criticised the way Bourdieu defines and treats social capital. He identifies a combination of reductionisms with ‘heavy abstractions’ in Bourdieu’s work. For example, economic capital is reduced to resources, and this resembles the reductionism that Sraffians and mainstream economists undertake in focussing on income. Also, capital is attached to power (power reduced to capital and vice versa), as Bourdieu (1984, p.114) regards capital as ‘the set of actually usable resources and powers’. Additionally, the social is dichotomised from the economic, as individuals can have different compositions of economic and social capital without considering their co-determination. In other words, despite the ‘connection between class and habitus’, Bourdieu’s methodology abstracts the one category from the other.

Contributing to the debate on classes from an analytical Marxist perspective, Wright (1985, 1994, 2005b) explores the criteria that define class. He notes that much of Marx’s work is concerned with ‘abstract structural maps of class relations, and the analysis of concrete conjunctural maps of classes-as-actors’ (1985, p.6). The former considers established class structures as polarised, for example between bourgeoisie and proletariat. In contrast, the concrete conjunctural political analyses are more nuanced, reflecting the historical specificity of particular political struggles. In interpreting Wright’s observation we might think of this as a tension between a deductive “class structure” analysis, and an inductive examination of groups within classes, such as professional and managerial workers. At a conceptual level, we can also draw distinction between class structure as reflecting relationships between classes, whereas class formation is defined by relations within classes (p.10).

Wright’s contribution was particularly interested in developing a treatment that addresses the “embarrassment of the middle classes” (1985, p.13), which had been at the heart of critiques of Marxian class analysis (recent examinations of the middle class in the Marxian tradition include Ikeler and Limonic, 2018). He re-specifies the notion of exploitation in a way that permits the conceptual integration of the middle class into his analysis. Building on Roemer’s (1982) notion of exploitation based on differential skills, he sees credentials (e.g. professional qualifications) as a mechanism for an exploitative transfer. These skills may be possessed by expert managers, expert supervisors or non-managerial experts. Based on the analysis above, this resonates with Lenin’s (1919) categorisation of classes including “status” in a historically-determined system of production (point i).

Another hallmark of Wright's analysis was his analysis of data, in particular focussing on different categories of wage-earners. He found little support for Poulantzas's (1975) use of productive labour as the criteria for separating the working class from other wage-earners and, based on US survey data, he argued that the empirical support suggests the working class should be categorised as 'uncredentialed non-managerial employees' (Wright, 1985, p.182). Likewise, he rejected a manual-service worker distinction for defining the working class. Another example of Wright's empirical work is in his comparison of the US and Sweden where he looks at the role of credentials. He finds the annual incomes of expert managers relative to proletarians is quite similar between the two countries, and average income among wage earners increases monotonically as you move along each of the dimensions of exploitation. It is also important to note that other themes and considerations in these empirical analyses included the role of family, gender and ethnicity.

In summary, it is apparent that approaches such as those of the marginalists, Sraffa and Weber, focus excessively on class as an economic category. We argue that social and cultural factors cannot be analysed independently of the economic. Moreover, class is complex and interacts with other forms of social domination, for example by gender or ethnicity.

#### **4. Discussion and Conclusions**

As a consequence of the Global Financial Crisis many individuals have experienced stagnant, or falling wages (in countries such as the UK and Greece). The effects have been felt, and continue to be, most keenly by workers. At the same time, the gender pay gap has persisted, and racial discrimination polarises society. We have focussed on one aspect of domination, namely class, and examined a plurality of perspectives from the political economy, sociology and economics literatures. We have focussed on the traditions developed by leading thinkers, to structure our comparison. A key position, which we have argued, is that class analysis is of enduring relevance, but the connections between the individual within a class, and mechanisms through which a class acts, need to be developed.

Our article has argued that class (comprising economic, social and cultural aspects) is a fundamental building block in the analysis of capitalism, and economic systems more generally. This is manifest in ongoing inequality and social tensions over issues such as business interests and state control, trade and migration, austerity and wage stagnation, and the

political landscape of Western democracies. We demonstrated that the classical political economists saw class as a key object of study, somewhat reflecting on its political and social dimensions. Nevertheless, Ricardo in particular viewed class primarily as an economic concept, and classical approaches in the heterodox tradition — such as Sraffian economics — continue to structure their theory in this way. Mainstream economics, too, is reductionist. It is reductionist in the double-sense that it “reduces” social scientific explanations to accounts that only involve economic phenomena and process (economic reductionism); further, it employs a micro-reductionist framework in which social outcomes are analysed in terms of individual actions and interactions. Plainly, both are inadequate.

Marxian political economy emphasises social and political, alongside economic forces. This is framed in the long-run model of historical materialism, with the mode of production being a key concept. The economic base reflects the stage of development of the productive forces and production relations and the “superstructure” reflects the political, social and cultural aspects of society, which support the base. Class conflict is thus an essential element in the progress of society. There are other axes of domination in human history, and exclusive focus on class can distract from other axes of power, such as by gender and ethnicity. Engels discussed gender and the role of the family at some length, and “divide and conquer” strategies have been a hallmark of the Marxist literature. However, it is important to avoid “bolting on” other emancipatory projects, and a current, intersectional analysis of power and domination, is needed to properly reflect the contradictions of contemporary capitalism. Feminist scholars, in particular, highlight the importance of intersectionality in class analysis, addressing the experience of capitalism and patriarchy as a double penalty to women (Beloso, 2012; Swank and Fahs, 2013). This penalty is, of course, increased when accounting for racism, ageism and related discrimination (Kim, 2009). Moreover, feminist sociologists have provided valuable insights into societies in developing countries, stressing the link between institutions, class and gender (e.g. Velaskar, 2016, p.408). The Marxian framework thus needs to evolve, albeit retaining the essential deductive framework, including mode of production, economic base, superstructure and capitalist exploitation as principal objects of investigation. Concerning mainstream economics, if it to be a genuine social science, it needs to enhance the explanatory role of social and cultural processes (including those related to class), embrace interdisciplinarity, and leave its economic reductionism (and “imperialism”) behind.

In looking at how heterodox and mainstream analyses of class can be strengthened, we have suggested that sociology — in particular, the class analyses of Bourdieu and Wright — have a contribution to make. Wright's focus on deductive structure, layered with an empirical analysis of the composition and classification of wage earners, is a useful framework that can be juxtaposed with individualist models of wage inequality (as perpetuated by mainstream labour economists). The inductive focus on individual characteristics (from Bourdieu) would resonate somewhat with the contemporary multivariate approaches employed by mainstream applied economists. More generally, the analysis of cultural capital and habitus could add a layer presently missing in economic reductionist treatments. This does not imply economic, social and cultural capital are equally important. It is our view that the main inequalities in capitalism are economic. But, a more complete analysis of capitalism requires consideration be given to the superstructure, and cultural aspects of contemporary society.

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