A Neo-Utilitarian Theory of Social Class?

Dietrich Rueschemeyer, Brown University
James Mahoney
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*Brown University*  

Aage Sørensen aims to develop a structural theory of inequality that is equal in format and comprehensiveness to Marx's theory of class yet avoids the flaws of that theory, which derive from its grounding in the premises of classical economics. Applying neo-utilitarian theory to class analysis, Sørensen argues that access to enduring rents can inform a new conceptualization of "class as exploitation" and thereby put the sociological enterprise of class analysis on a sounder basis. The need for such conceptual reformulation grows out of the marginalist turn in economic theory and the related demise of the labor theory of value as well as, Sørensen suggests, the failure of subsequent class analysts to invent alternative theories of structural inequality in which exploitation generates antagonistic interests. Although many scholars—Marxist and non-Marxist—have proposed alternative class schemes, nearly all of these are based on an understanding of "class as life conditions." According to Sørensen, class as life conditions—defined by the total wealth controlled by similarly situated actors—does not necessarily create antagonistic interests and thus provides a poor foundation for understanding how class position generates mobilization and conflict.  

We agree that the labor theory of value of classical economics is indefensible, leaving Marxist theory without its primary basis for identifying class exploitation. However, we believe that Sørensen's alternative theory of rent suffers from its own serious problems and ultimately fails as a basis for a renewal of class analysis. The theory assumes that rent-based deviations from a fully competitive market can be used as a baseline for assessing the existence of structural inequality and exploitation. Yet, perfectly competitive markets as such carry no moral authority, and above-market returns in the form of rents cannot be morally condemned as unjust and exploiting simply because they deviate from the returns on assets in competitive markets. In fact, the marginalist theory of productivity remained  

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1 Direct correspondence to Dietrich Rueschemeyer, Department of Sociology, Maxcy Hall, Box 1916, Brown University, Providence, Rhode Island 02912. E-mail: Dietrich_Rueschemeyer@brown.edu  
2 For summaries of the limitations of the labor theory of value see Elster (1985, chap. 3) and Gordon (1990).
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largely immune from the essentialist and normative interpretations that were uniformly associated with the labor theory of value, though there have been exceptions, both today and in the past.3 Sørensen himself is unprepared to defend the outright use of fully competitive markets as a moral yardstick, because, as he suggests, "nothing guarantees that efficient labor markets create good lives" (p. 1553).4 Yet, the very use of the word "exploitation" for enduring rents suggests implicit essentialist/normative assumptions about the benevolence of perfect market functioning, assumptions that underlie other formulations as well.5

For the effective empirical analysis of class, the moral judgments of social scientists are less important than the valuations of the populations they study. Yet, we know of no society in which all rent-based deviations from competitive market returns on assets are universally treated as unjust. Rather, in all real societies, deviations from perfectly competitive markets and their implications for moral judgment are extremely heterogeneous in character. Rents differ in the consequences they have in society, in the social reactions they engender, and—intertwined with their impact on social life—in the moral evaluation they receive. Thus, Sørensen's use of "exploitation" to characterize all rents represents either an esoteric normative judgment of neo-utilitarian thinkers, which is socially meaningless in real societies, or it is a misnamed concept without any moral significance.

Given the lack of moral grounding in Sørensen's theory of class exploitation, there are good reasons to believe that the advantages and disadvantages conferred by rents will not become crystallization points for class consciousness and collective action. This is true in part because moral evaluations—always implicitly or explicitly inspired by a vision of a good society—are, together with shared interests, an indispensable ingredient in broad-based political class formation. Furthermore, because different kinds of rents have multiple consequences and vary considerably in their overall social impact, it is not clear that rents as such, even as they are directly advantageous or disadvantageous for a given set of actors vis-

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3 One such normative interpretation of the neoclassical concept of productivity occasioned passionately negative responses by Max Weber and others, giving rise to the famous debate about the role of values in modern social science (see Rueschemeyer and Van Rossem [1996, pp. 145–46, 147–48]).

4 See also his comment in an earlier paper that "these assumptions [about perfect competition] are useful for clarifying the arguments. They in no manner imply that such a society [in which all transactions take place in a perfect market] is to be preferred over other societies" (Sørensen [1996, p. 1345 n. 7]).

5 As in the following: "Competition in the labor market guaranties that the capitalist pays no more and no less than the worker contributes to his production" (p. 1531).
à-vis the rest of the society, will in their total set of direct and indirect consequences effectively define antagonistic interests. As a result, there is little reason for believing that rents will consistently generate class consciousness and collective organization.

These arguments—and their implications for ongoing work from the perspective of class as life conditions—require some elaboration.

RENTS, COLLECTIVE INTERESTS, AND CLASS FORMATION

The presence or absence of rents, and thus “exploitation,” is defined by Sørensen in relation to the ideal-type of perfect market functioning. In a fully competitive market, exploitation does not occur, since there are no owners of assets who receive payment above market value at the expense of nonowners. By contrast, in less than fully competitive markets, control over rent-producing assets privileges owners over nonowners and provides a latent basis for conflict, since, ceteris paribus, owners have an objective interest in preserving (and expanding) their rent, while nonowners have an interest in destroying it. The “ceteris paribus” clause is important, and we will suggest that it often cannot be sustained. Nevertheless, we note here the appeal of Sørensen’s framework: it avoids the problems of Marx’s labor theory of value while still seemingly identifying objective conflicts rooted in property rights, broadly conceived.

This framework makes sense only so long as rents have no significant social consequences beyond the zero-sum gains and losses they distribute to owners and nonowners. Yet, rents often create additional public advantages that have varied implications for actors situated in different places of the overall rent landscape. These social benefits may be highly valued by many actors, including those who are not owners of the rent in question. Whether or not the maintenance of such a rent is then in the “real” interests of broad societal populations, including those without ownership rights, depends on how the social benefits of the rent are evaluated in comparison to its deadweight costs. In actual societies where individuals are given the choice, they often decide that the social benefits outweigh the deadweight costs.

This suggests that certain kinds of rents will not generate antagonistic interests and conflict because—given their indirect as well as their direct consequences—they ultimately serve the interests of nonowners and owners alike. For example, rents from long-term patents give monopolistic advantages to the patent holders, but they also instigate innovation from which many others benefit. Likewise, the state creation of monopoly rents through licensing confers advantages to license holders, but such rents also provide public benefits such as competent doctors, safe cars, and
skilled teachers. Large populations often choose to endorse these rents because they lead to the delivery of goods and services that might otherwise not be available. Similarly, rents based on social legislation and labor market practices protect much of the population from poverty, which has desirable social consequences beyond those conferred to direct beneficiaries of the rent. Although Sørensen argues that "it is to the advantage of the capitalist class to produce a labor market conforming to the assumptions of neoclassical economics" (p. 1554), he is also well aware that the diminution of rents in labor legislation and their near-abolition in the labor market have been associated with expanded inequality and the deterioration of living conditions in the United States (pp. 1550-53). It is debatable whether the abolition of these rents—given both their direct and indirect social consequences—serves the collective interest of the capitalist class. Indeed, the dominant classes in other capitalist political economies see little advantage in similar market policies, opting instead for more comprehensive systems of social provision.

It thus makes little sense to generalize about all rents as representing a latent basis for class formation and mobilization. Rents that distribute advantages to groups that already enjoy privileged positions within society, while imposing losses on disadvantaged groups without providing any favorable social by-products, may provide one basis for the creation of class interests and class mobilization. Yet, many kinds of rents do not meet these conditions and thus will not foster direct conflicts of interest between rent owners and nonowners. For instance, we are skeptical that rents from minimum wage legislation will elicit the same value and interest-inspired response as will, for example, rents from particularistic tax exemptions that exclusively benefit the wealthy.

Even if some rents do generate antagonistic objective interests, we are skeptical that their critique will carry the moral authority to produce broad-based class formation and mobilization. Despite the limitations of the labor theory of value, Marx's understanding of that theory and his related vision of a socialist society characterized by abundance, equality, and democracy provided a normative benchmark in the name of which disadvantaged classes could mobilize. Sørensen's exploitation-free society marked by fully competitive markets offers no similar benchmark; rather, as Sørensen acknowledges, there is nothing inherently desirable about a society in which all transactions take place in fully competitive markets. Indeed, because most people in real societies do not consider the principle of rents to be unjust or morally indefensible, they are hardly likely to develop class consciousness and pursue collective action in the name of ending rents and establishing a more competitive market society.

The lack of moral authority underlying Sørensen's definition of exploitation leads to the identification of forms of "exploitation" that violate
commonsensical understandings. For example, much of his discussion treats economically marginal segments of the U.S. population as an “exploiting” class that benefits at the expense of more wealthy and powerful groups through control over rent-producing assets. Likewise, he argues that the elimination of “exploitation” through the destruction of rents in the labor market increases the marginalization of economically disadvantaged groups. Sørensen (p. 1531) himself rejects Roemer’s (1982) structural theory of exploitation precisely because, as Roemer acknowledges, it can “happen that those who own very little of the means of production are exploiters and those who own a lot are exploited” (Roemer 1986, p. 262). The same problem arises with Sørensen’s concept of class as exploitation, raising the issue of why his concept should be preserved and Roemer’s abandoned.

In short, we believe there are two fundamental problems with Sørensen’s argument about class as exploitation. First, given the heterogeneity of rents and their diverse social consequences, there is little reason to suppose that all rents will necessarily generate antagonistic interests. Second, because a pure market model lacks moral authority, it is not clear on what normative grounds similarly situated actors will come to perceive rents received by others as harmful and unjust exploitation and as the occasion for collective action.

CLASS AS LIFE CONDITIONS AND POLITICAL CLASS MOBILIZATION

In contrast to Sørensen’s understanding of class as exploitation, his concept of class as life conditions—which we would define roughly in Weberian terms as “life chances” in asset markets along with a degree of social closure—will often produce shared ideas and attitudes, which, in turn, can lead to the pursuit of collective goals through organized class action. Sørensen downplays the value of such an approach because it fails to identify mechanisms through which the latent objective interests of classes come into conflict with one another. Yet, assumed “objective” or “real” interests are always “essentially contested” and ultimately raise questions of a moral and political character (Luks 1974, p. 34). For the purposes of empirical analysis, class theories based on such antagonistic interests are useful only insofar as they can be linked to observable patterns of class consciousness and collective organization. If such systematic effects are absent—and we have argued that this is the case with Sørensen’s rent theory of class—there is little reason to prefer a theory of class as exploitation over a theory of class as life conditions.

Sørensen points out that “there is an abundance of research that shows class as life condition indeed is a powerful determinant of all kinds of
outcomes” (p. 1538). We would simply add that included in these outcomes are forms of collective action in which individuals self-consciously identify themselves as part of a class and carry out political mobilization on that basis. Sørensen suggests that life-opportunity classes can produce important outcomes because individuals orient their behavior to long-term living conditions that can be expected from their wealth profile. However, as Weber (1978, pp. 927–30) noted, while differential access to goods and opportunities for income is a defining component of economic class, it does not ensure that individuals of a given class will share similar preferences, much less become a collective actor in history. Even if classes do have an objective interest in collective action (a question that can only partially be decided through empirical evidence), they may not mobilize on behalf of this interest. Hence, for empirical analysis, the critical question is not only one of identifying the interests of classes, but of understanding the processes through which such interests are socially constructed.

At present, our understanding of the social construction of class interests remains fragmented at best, but such an approach is still the most promising avenue for class analysis today and likely for a long time to come. We now have some knowledge about the social processes through which life condition classes are transformed into collective actors. For example, we know that individuals in particular classes are often exposed to common organizational processes that construct similar interests and provide opportunities for collective action. Sørensen rightly urges us to link the study of class formation to the “rich literature on social movements that addresses the problem of when interests will effectively be translated into action, emphasizing resource mobilization, political processes, and the collective action problem” (p. 1545). Likewise, we have tentative support for several hypotheses about the effects of geographic patterns, cultural traditions, and the structure of state action and politics on the formation of classes (see, e.g., Rueschemeyer, Stephens, and Stephens 1993, pp. 53–57). Future progress on this research—as with progress throughout the social sciences—will likely continue to take place through incremental steps rather than leaps and bounds.

We believe Sørensen’s rent theory of class may have something to offer to this research. To realize this potential, however, it is necessary to abandon the idea that rents are a universal basis for exploitation and instead develop more specific hypotheses about the conditions under which actors come to perceive rents as exploitative. The visibility of the rent in question and the extent of costs and benefits that it distributes will obviously be relevant. But the nature of the winners and losers of rents must also be taken into consideration. For instance, rents that overlap with life condition classes in ways that distribute benefits to advantaged classes and costs to subordinate classes, without providing tangible additional social bene-
fits to the losers, are more likely to form a basis for political mobilization than other kinds of rents. Distinguishing these and other kinds of rents on the basis of their potential for mobilization in real societies could represent a valuable step forward for class analysis.

We argue, then, that there are good reasons for believing what Sørensen calls "class as life conditions" will identify sites of mobilization and conflict. Indeed, people are more likely to mobilize around life conditions than around "exploitation"—if exploitation is defined in terms of access to rent producing assets. As a result, if Sørensen's proposed framework is to be useful for empirical analysis, it must be redirected toward efforts to identify the specific conditions under which particular kinds of rents will lead life condition classes to construct class interests and pursue political class mobilization.

Sørensen rightly calls for finding causal mechanisms that identify antagonistic interests and explain political class formation. Yet, his neo-utilitarian project offers—much like its rational choice siblings—a comprehensive promise of theory advancement that is unlikely to be fulfilled. For the foreseeable future the best we can hope for is to identify causal mechanisms of a limited reach, in which the conditions under which they hold are not fully specified—"bits of sometimes true theory," as Arthur Stinchcombe puts it. Although this research program is modest, we believe it has more to offer than neo-utilitarian schemes that make promises that cannot be delivered.

A CONCLUDING REFLECTION ON METATHEORY

Sørensen’s proposal is an exercise in metatheory or, as Robert Merton called it, “general sociological orientations” (Merton 1957, pp. 87–89). Metatheories cannot be tested directly. They point to problems, identify relevant factors and variables, and offer arguments why these factors and variables are pertinent. They aid in the formulation of testable hypotheses, but are themselves not judged as true or false but rather as useful or useless in the construction of empirical theory. We have expressed our skepticism that Sørensen’s conception of class as exploitation amounts to a useful reorientation of class theory.

Nearly uniformly, however, authors and readers are interested in metatheories for reasons that go beyond their utility in empirical theory construction. How else can one explain the intense investment scholars display when they discuss the role of culture in sociological explanations or

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6 See Stinchcombe (1991, p. 31; 1993, p. 267); he refers to Coleman (1964, pp. 516–19) as the inventor of the phrase.
the overall explanatory power of rational choice models? Metatheories tend to have a dual face. The same ideas that in one sense are tools of empirical theory construction also function as building blocks for broad worldviews, for more or less coherent ideological and philosophical orientations. The label “grand theory of society” points to such a fusion of a sociological orientation in the narrow and technical sense with a comprehensive interpretation of human social life.

Sørensen’s proposal for a reconceptualization of class theory is not simply a technical tool for generating empirical hypotheses. It, too, evokes ideological-philosophical implications as it makes the perfectly functioning market the criterion for defining “exploitation.” As we noted earlier, Sørensen rejects an explicit commitment to the neo-utilitarian ideal of a society thoroughly shaped by competitive market transactions, but, as it stands, his proposal still entails similar premises.

The tendency of metatheoretical arguments to acquire this dual character requires that authors and readers take responsibility for both sides. This is not a demand for one version or another of political correctness. The politically incorrect model may generate strong and otherwise not easily attainable empirical insights, and the politically correct orientation may conceal what Max Weber called “inconvenient facts.” Thorough separation of the two sides is one reasonable response. Explicitly taking positions on both sides while differentiating clearly between orientational guesses and philosophical and ideological commitment is another.

REFERENCES

Symposium: Rueschemeyer and Mahoney


NOTE.—Illness prevents Aage Sørensen from replying here. His response to the commentators will appear in a future issue.