An Instrumental/Ceremonial Theory of Class, Relatively Homogeneous Labor Markets and Distributional Implications
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Introduction

The purpose of this paper is to introduce an instrumental/ceremonial theory of social and economic class. In developing this theory we draw on elements of Marxian, Institutionalist, and standard economic theory. It will include articulation of both an instrumental and a ceremonial basis for differentiation among the working classes of industrial society, as well as from the ownership, or capitalist, class. The relatively homogenous segmented labor markets which are determined by the differentiation of the working classes, will then be employed to suggest the development of a model for the heterogeneous aggregate labor market. Finally, some of the theoretical implications of this analysis for an instrumental distribution of income are raised.

Among the more widely recognized and acknowledged phenomena which accompanied the evolution of Western civilization from feudal to industrial modes of social organization and production was the breakdown of the feudal categories of social and economic class. The replacement of feudal class categories by those characteristic of industrial modes of production, however, has enjoyed no such widespread recognition or acknowledgment. Social theory in the Anglo-American liberal orthodoxy, asserting the egalitarian social efficacy of competitive markets, was largely indisposed to deal with any systematic accrual of power to, or its abuse by, the new propertied classes of whom it was the unabashed champion. Opposing the Anglo-American liberal orthodoxy, Marxian social theorists have made an inadequate analysis of social and economic class, with relations among classes which are presented as necessarily exploitotive and conflictual, the centerpiece of an excessively determinate theory of social reproduction and transformation. In spite of the extensive groundwork originally laid by Veblen, the Institutionalist
school has shown little willingness to develop the potential of class analysis within its body of economic theory.¹

**Intellectual perspective**

Although he never explicitly worked with the concepts or analysis of class, Machiavelli was the first student in early modern Western Europe to write systematically about the problems of the state, the nation, and conflict. The newly emergent nation-state was primarily oriented toward commerce and came to represent the interests of the rising merchant and capitalist classes of the era. Machiavelli's theory of human nature entailed the principle of self-interest which was soon to serve Adam Smith so well. Given this aspect of human nature, he argued for the social virtue of the authoritarian and ruthless pursuit and use of power. Machiavelli spoke of self-interest and the ruthless exercise of power in such narrow and uncomplimentary terms that we find ourselves uneasy with many elements of his analysis. But the fact remains that he wrestled with the some of the same aspects of human nature employed so effectively by Smith and the 18th century liberal philosophers.

We note that classical political economy was essentially framed in terms of an economic class analysis of the new order which was emerging from the decay of feudalism. Smith's identification of land, labor, and capital as the economic factors of production was drawn from a society which he saw as divided into landlords, workers, and capitalists. Following Smith, Ricardo went on to assert that the principal problem of political economy was the distributional allocation of output to the classes which participated in its production. Smith and Ricardo—as well as their followers in the classical and neoclassical traditions—believed the assertion of relatively powerful potential class interests would be essentially constrained by operation of the competitive market—resulting in the reduction of potentially powerful class interest to relatively powerless individual interest, naturally leading to the dissipation of social class conflict. In such
a context, the role of social and economic class in society was essentially discounted and disregarded.

Marx rescued the concept of class from its status as an historical relic, giving it the central role in his theoretical scheme. It is the Marxian idea that class is essentially a social phenomenon (not a biological or supernatural one) which advances it to the ranks of a genuinely intellectual subject, and this is probably why Marx has ever since been associated with class theory and analysis. But although the theoretical proposition that class relations play a central role in the processes of social development has historically been associated primarily with Marxian theory, class theory per se need not be, nor has it been, a solely Marxian property.

It is seldom remarked that the work of Thorstein Veblen, taken as a whole, presents a class analysis of contemporary industrial society. Veblen was a class theorist from first to last—it permeates his entire career and body of work. Veblen's theory of class is lodged in the Darwinian concept of cumulative change and adaptation. In his introductory chapter to The Theory of the Leisure Class, he argues that in the human social order, status and wealth accrue to those individuals who can demonstrate efficacy (power) in command of the animate forces vs. the inanimate objects of nature. Differentials of wealth and status accorded to those relatively more efficacious individuals provide the basis for the process of social stratification.

He traces the beginning of the class stratification process to the emergence of ownership, which he attributes in turn to the ownership capture of people, particularly women. The ownership capture of women evolved into the institution of marriage with a patriarchal head. Women came to assume those occupations, necessary for the maintenance of the life process (industrial), that came to be socially associated with drudgery. The leisure class was associated with activities of exploit—the appropriation of surplus. The idea that class membership is simply a function of life-style, characterizing Veblen's analysis as one of manners, as some do, is patently inaccurate. His pungent and redolent sarcasm notwithstanding, Veblen was not
concerned with the effect of life-style on class membership—he was analyzing the effect of class life-styles on the continuity of social structure. The existence of the leisure class forms a powerful basis for emulation and its conspicuousness serves to provide immediate and significant reinforcement for the ubiquitous emotional conditioning that creates the propensity to emulate.

By the time Veblen published *The Engineers and the Price System* in 1921, not only had he explicitly examined, in some detail, the elements of the emerging industrial class structure, but he had begun to overtly call for a social and economic revolution against absentee ownership and its vested interests by that nascent professional class, the engineers. Such a revolt was to be conducted by a form of sabotage he referred to, following the Wobblies (the IWW), as the "conscientious withdrawal of efficiency." Only this kind of revolution could succeed, Veblen argued, because it was upon the expertise of the engineers that the operation of industry depended. Without the expertise and leadership of the engineers, the working classes alone could never sustain operation of the complex industrial machine process. A revolution in an existing industrial society that could not keep the wheels of industry turning smoothly and without the serious disruption of production would be doomed to failure.

**Institutional and Marxian class theory—a brief comparison**

Following Veblen, we assert that class structures exist by virtue of asymmetric power relations rooted in distinct social power bases whose primary characteristic is efficacy in command of the animate forces of nature. Historically, class formation and dissolution may be seen to proceed according to the emergence or attenuation of distinct social power bases. The power bases of an existing class structure must be minimally imbued with the instrumentality which accrues to power, per se. Additionally, these power bases are likely to possess various other more or less instrumental and ceremonial qualities. We may even hypothesize that the degree of instrumentality which characterizes the power bases of an existing class structure is
inversely related to the degree to which a culture allows those power bases to be abusive of its relatively disadvantaged classes.\textsuperscript{3}

The power bases of the medieval noble and clerical classes were eventually attenuated by the accumulation of wealth in the hands of the merchant class and its conversion to industrial production capital, and by the growing instrumental capacity of science to challenge the ceremonially validated but empirically unwarranted revealed truth of hegemonic Christian doctrine. The productive power of industrial capital made possible the emergence of a new power base in its ownership, leading to the growth of the capitalist class; the new social power base developed by the progress of science resulted in displacement of the clergy by the professoriat, or "professional," class.

The primary limitation of Marxian class theory in its analysis of "capitalist" society is its recognition of only an exploitative capitalist power base, leaving the balance of the population relegated to an undifferentiated and, by definition, powerless and exploited working class. Thus, the emergence of alternative power bases, which constitute the basis for the professional, managerial, and entrepreneurial middle classes and the skilled working classes are not well treated in Marxian theory. This shortcoming is reflected in the chronic difficulty which Marxian theory has had in accounting for the problematic existence of the middle classes in capitalist society. Contemporary Marxian class analysis, that of Eric Olin Wright,\textsuperscript{4} for example, seeks to resolve some of the theoretical and empirical difficulties associated with this chronic problem. Wright has attempted, within a Marxian framework, to solve the problem of the rise of the middle classes. To do this he develops the concept of a middle class that is both exploiter and exploited--a contradictory position. As part of his analysis he develops a matrix of classes and their relationship to the means of production and exploitation. With some modifications, the idea of such a matrix is one of the concepts used in this paper.
A potentially important difference between Institutional and Marxian class theory, related to the power basis of class structure, which deserves emphasis in passing is that the exploitative power basis in Institutional theory is directly traceable, as already noted, to ownership capture of people, originating not exclusively in the institution of slavery, but also, or perhaps even primarily, in patriarchal marriage. This power basis is the general case of which both slavery and the capitalist ownership of the means of industrial production are special, historically specific cases. This more general concept of the power basis of class should give Institutional class theory considerable potential appeal to feminist, black, and other ethnic minority theorists and activists who have historically had considerable difficulty reconciling traditional Marxian class theory with more fundamental issues of exploitation rooted in gender, as well as in the contemporary practice of racial discrimination and the historical institutions of slavery.

**Technological vs. historical determinism, recognized interdependence, class consciousness, and social change**

One of the most appealing qualities possessed by Marxian theory for its adherents is its dynamic character. The explanatory breadth and power of the Marxian class struggle dynamic for social change over time is unmatched. Unfortunately, that same dynamic quality has led to its employment and abuse as a teleologically predictive theory, which taken together with its limited conception of the power basis of capitalist society, has proven to be an important weakness.

Institutional theory employs a different dynamic aspect. The evolutionary force of technology is impeded or constrained by the degree of ceremonial adequacy and pseudo-instrumentality accorded to prevailing institutions. The contingent rather than determinate qualities of this dynamic process are embodied in the principles of institutional adjustment.5

Social change requires more than the ability to "run the machines." What we might call social technology, the arts of associated living, are required as well and must be "invented" and tried out. In the absence of a dynamic social theory of reproduction and transformation that comports tolerably well with how societies may actually evolve, invention and experimentation
with social technology has been greatly disadvantaged. Class consciousness is a form of social
technology to the extent that it may contingently, but not necessarily, form a basis for people with
commonly vested interests in diverse power bases to interact and come to understand both the
static and dynamic nature of their society. But where class consciousness, in the Marxian
framework, acts as a stimulus to social change solely through the mechanism of conflict and
struggle, the functional role of class consciousness in institutional theory involves one of the
principles of institutional adjustment, recognized interdependence. Recognized interdependence
might involve only a single group or class, but in modern organizations as well as in society at
large, different classes, fully conscious of their diverse instrumental powers and their derivative
social obligations, must interact to accomplish mutually instrumental goals. This is a patently
evolutionary, rather than revolutionary, prescription.

**Instrumental and ceremonial differentiation of the working classes--**
a matrix of skills

A tendency toward the abuse of instrumental class power bases in the vested interests of class
has historically led to the perpetration of ceremonially validated patterns of social stratification
which involve invidious distinctions of role, rank, and status. Validation of invidious status
distinctions by means of ceremonial logic is required, since the basis of class distinctions in
instrumental powers dictates a consciousness of the instrumental social obligations conferred by
their possession, a position fundamentally inconsistent with their abuse. This tendency has
resulted in our failure to recognize the instrumental power bases of class differentiation which are
obscured by the ceremonially validated status distinctions required to sustain and defend the
abuse of instrumental powers in vested interests. The concern here is with the further
identification of the diverse instrumental power bases by which the un-propertied classes may be
properly identified and differentiated.

The vast majority of the people constituting any industrial society are of the un-propertied
classes. Their single common salient characteristic is that, in contrast to the propertied classes
who need not work for a living if they so choose, the un-propertied classes must do so. Thus, it
would be theoretically justifiable (perhaps even preferable) to call them the working classes.
However, we will conventionally consider the working classes to be only a subset, or a fraction,
of the un-propertied classes. This will allow us to make the theoretical (and historically
significant) distinction among the un-propertied classes between what we will call the working
classes and the middle classes. The process begins with the construction of a simple device we
will call the skills matrix. A representation of this matrix appears below, in Figure 1.

<table>
<thead>
<tr>
<th>Scope</th>
<th>Domain</th>
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<tbody>
<tr>
<td>complex and varied</td>
<td>manual manipulation of materials</td>
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<tr>
<td>complex and varied</td>
<td>abstract manipulation of symbols</td>
</tr>
<tr>
<td>simple and repetitive</td>
<td>manual manipulation of materials</td>
</tr>
<tr>
<td>simple and repetitive</td>
<td>abstract manipulation of symbols</td>
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</tbody>
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Figure 1. The Skills Matrix

The skills matrix is constructed in two dimensions. The horizontal dimension consists of the
material and the symbolic domains of human activity. The vertical dimension measures the
scope of these activities, from the simple and repetitive to complex and varied. Plotting the
covariant possibilities for these dichotomous dimensions produces a matrix with four cells.
Located in each of these four cells is a relatively distinct combination of human activities. It is
called a skills matrix because we are interested in the corresponding skill sets which are required
to perform these activities.

The skills matrix provides a key to the diverse instrumental power bases by which the un-
propertied classes may be properly identified and differentiated. Employment of this matrix in an
analysis of the patterns of social stratification which characterize, for example, U.S. industrial society, a specific class structure may be suggested: individuals with the skill sets described in cells one, two and three constitute the unskilled, semi-skilled, and skilled working classes, respectively; skill sets required for the professional, managerial, and entrepreneurial classes--the middle classes--are located in cell four.

In what sense do the skill sets specified in the skills matrix constitute the diverse and distinct power bases by which differentiation of the un-propertied classes may be properly asserted? We begin with the recollection of Veblen's distinction between command of the animate and the inanimate forces of nature. To primitive man, these forces included both that which was genuinely animate, i.e., other people and animals, and that which appeared to be animate, i.e., the spirited forces of nature as manifest in weather, seasonal cycles, celestial bodies, earthquakes, floods, etc. In "primitive" societies, those individuals who possessed the instrumental powers by which the animate forces of nature could be commanded served as warriors, hunters, chiefs, shamans, priests, etc., and were accorded relatively higher status and wealth. Such individuals were excused, even proscribed, from menial "industrial" employment in activities which involved work with the inanimate material world.

To the native societies encountered by European imperial expansion, the instrumental power of European science was regarded with awe and envy as "powerful magic" which commanded unseen, and thus presumably supernatural, animate forces of nature. By the social extension of this logic over time, logic which contains both instrumental and ceremonial (or pseudo-instrumental) components, those individuals who demonstrate efficacy in the abstract manipulation of the symbolic systems which ultimately command the instrumental power of science are accorded social status, honor, and (relative) wealth.

The tenacity with which we almost unconsciously hold to the ceremonial logic which validates the invidious distinctions between symbolic and material work can be seen in the
ambiguity which characterizes the social status ascribed to clerical occupations (semi-skilled working class) and to occupations in the skilled trades (skilled working class). Without regard for comparisons of genuine instrumental function among them, clerical occupations are frequently classified as "white collar" together with managerial and professional occupations, simply because both classes of occupations deal almost exclusively with symbolic manipulations in office settings. In contrast, the skilled trades and unskilled labor are lumped together as "blue collar" occupations. This ambiguity and confusion has consistently impeded an identification and differentiation of the diverse instrumental power bases of the un-propertied classes.

**A disequilibrium model of the heterogeneous aggregate labor market**

Segmentation theorists argue that labor markets are segmented into non-competing groups. The labor market is segmented into a series of distinct markets each encompassing a job territory determined by a confluence of factors. Allocation and pricing of labor is directed by institutional forces, not by market forces. These factors may be effectively organized and summarized by an Institutional class theory as outlined here.

The class structure of U.S. industrial society which is derived from an institutional theory of class implies a significantly heterogeneous (i.e. segmented) aggregate labor market. The heterogeneous aggregate labor market may be differentiated by occupational class aggregates, individual occupations, and occupations within industry into a series of relatively more or less homogenous labor markets. Professional and skilled working class labor markets are relatively more homogenous than the aggregate, but relatively less so than the semi-skilled and unskilled working class labor markets, which may be quite homogenous. Within relatively homogenous professional and skilled working class aggregates, individual occupational markets are relatively more homogenous than the occupational class aggregates, but most probably are homogenous only when further differentiated by industry.
In contrast to the neoclassical equilibrium model of an homogenous aggregate labor market, the heterogeneity of the aggregate labor market implied by institutional class theory suggests a model whose primary salient feature is significant disequilibrium. Such adjustment processes as do operate across these markets are likely to require rather lengthy time periods to manifest themselves. This suggests significant problems of labor (and other) resource allocation. Given the existing state of research in this area, however, the actual current or historical dynamic supply and demand conditions in these markets are not well known. We propose to do something about this situation.

We will begin by attempting to develop a measure for the historical patterns and current conditions of supply and demand in the relatively homogenous occupational class aggregates. To develop this measure, we will employ the decennial census and annual survey data from the Current Population Survey (CPS) annual March supplement. Both of these sources include identical (or sufficiently similar) data items for detailed occupation and industry of employment, as well as educational attainment. Our measure of supply will be based on education attainments of the population and the workforce (complete specification for the criteria by which this measure will be defined must include issues surrounding the definitions of labor force participation, etc.) Our measure of demand will simply be aggregated occupational employment. While this will not capture static excess demand (unfilled job openings, etc.), the evaluation of dynamic time series data should make possible reasonably intelligible estimations of static excess demand conditions.

Since the period of adjustment across these more or less relatively homogenous markets is considered to be relatively lengthy, we may presume that individual time period observations of supply and demand constitute points of supply and demand in the relatively homogenous markets. Note, however, that although we will be able to measure not only mean and median earnings, but also low and high end earnings by age and other potentially significant demographic
factors, that we have not suggested a conventional model in which the markets are adjusted by wages as the single significant explanatory variable. Specification of the actual disequilibrium model, if it proves possible at all, remains to be addressed following some of this preliminary descriptive work.

**Distribution of income -- ceremonial and instrumental**

We have implicitly argued that invidious distinctions between material and symbolic activities distort the perceptions of the instrumental powers which characterize different occupational classes. These invidious distinctions lead to a distribution of income and other rewards within industrial society deemed appropriate to maintenance of the level of expenditures appropriate to that status. This is nothing more than a recapitulation of the medieval practice of "just price," and we will therefore refer to this as the "just price" theory of distribution. Just as the differentiation of the working and middle classes is simultaneously based on both instrumental and ceremonial logic, wage determination and distributional models must account for both factors. Disregard for the ceremonial logic of just price distribution is the primary flaw in neoclassical models such as marginal productivity and human capital, which are based on an unwarranted assumption of the instrumental efficacy of "the market."

To achieve a more genuinely "instrumental" distribution of income--however we may choose to define that—requires social experimentation as well as reliance on "market" forces. The achievement of genuinely instrumental distribution must depend upon a process of social transformation--contingent, not determinate--that successfully invokes the principles of institutional adjustment, including the recognized interdependence of our collective instrumental powers. It is clear from the theory and analysis presented here that such a requirement is the equivalent of saying that the achievement of instrumental distribution ultimately depends upon our collective recognition, or consciousness, of the instrumental social obligations which
necessarily accrue to the instrumental powers which constitute the basis of class identity and membership.

Notes

1 We offer two suggestions for why this has happened. First, there is the somewhat strident and bitter tone which in Veblen's latter years came to characterize the subtle and powerful sarcasm which had served him so effectively in his early work. This tendency is especially observable in the polemic quality of *The Engineers and the Price System*. We suggest that this polemic tendency, to which he probably succumbed at least in part as a reaction to the disregard of his work by the Anglo-American economic establishment and the accumulating disappointments of his professional career, made it difficult even for sympathizers to consider his class theory on its merits, especially in light of the radical connotations and implications it carried with association with the paradigmatic Marxian formulation.

Second, and probably more significantly, those who followed Veblen's thought in development of the method of instrumental analysis accepted too readily the presumed virtues of liberal egalitarian doctrine, which allowed little fertile ground for the articulation of economically instrumental class distinctions. Thus, social class structure and relations became relegated in institutional theory to the backwater of pseudo-instrumental, ceremonial obsolescence, and by Marxian historical determinism.

2 Veblen, of course, established his reputation with publication of *The Theory of the Leisure Class* in 1899 and *The Theory of Business Enterprise* in 1904. *The Instinct of Workmanship and the State of the Industrial Arts* was published in 1914, followed by *The Vested Interests and the State of the Industrial Arts* in 1919.

3 For example, leadership and competence in the instrumental force of arms provided the power basis for the landed noble classes of feudal society, but the generational transfer of that power base was ceremonially validated in such doctrines as the divine right of noble birth. Additional social instrumentality was probably obtained, also for example, with the protection of the common population from marauders afforded by the landlord's army, while the involuntary recruitment of the commoners themselves for that army, and exploitation of production surplus through ownership rights and confiscatory taxation might or might not be counted, depending on historical context, as the ceremonially validated abuse of that power base. This kind of analysis could be extended in fairly obvious ways.


6 Kahl (1987) estimates the propertied classes (he calls it the capitalist class) at around one percent of the U.S. population (p. 331). In his most recent work, Dye (1995) estimates the number of positions which define the power elite at only around seven thousand.

7 The identification of these distinct domains is implicit in the conceptual system of labor differentiation employed by Reich (1991) in *Work of Nations*. While it seems a natural enough distinction to have been in common use before and since that time, I believe that Reich’s formal use of it must be cited as inspiration.

8 Skill sets are cumulative vertically but not horizontally. That is, the skill sets required for the activities defined in cell 3 are necessarily sufficient for performance of the activities of cell 1; likewise for cells 4 and 2. The same relationship does not necessarily exist on the horizontal dimension between cells 2 and 1, or between cells 4 and 3. This can be explained with the understanding that the scope of activity is
by some measure an arbitrarily dichotomized continuous variable. In contrast, the dichotomy of material and symbolic domains is a much more naturally (rather than arbitrarily) dichotomized characteristic of human nature.

9 The neoclassical approach views the operation of labor markets as a derivative of general equilibrium theory. Under this theory the labor market is an auction mechanism where atomistic workers offer their services to competitive employers for a wage. Workers are hired because of their marginal contribution to the firm. Workers are interchangeable commodities, possessing perfect knowledge of job opportunities and wage maximizers. The labor market is cleared because of the occupational mobility of workers pursuing higher wages. Short-run differences may exist because of various market imperfections. But because of the interplay between competitive supply-demand factors there is a long-run tendency towards income equality.

10 Decennial census and CPS survey data currently employ 235 detailed industrial classifications based on the 1987 SIC, and 500+ detailed occupational classifications based on the 1980 SOC. While SIC classifications are almost universally employed in empirical work and pose no real difficulty for us, occupational classification systems are considerably more problematic, for two reasons. First, no real “standard” exists in occupational classification in the same sense that it does with the SIC. In addition to the 1980 SOC system employed by the Census Bureau in the decennial census and the CPS, the Bureau of Labor Statistics (BLS)--which is a major occupational data source--uses their own Occupational Employment Statistics (OES) classification system (with 800+ individual classifications) on which the National Industry-Occupation Employment Matrix is based, which is the source of national occupational employment projections. Additionally, the BLS maintains the Dictionary of Occupational Titles (DOT), which contains detailed job descriptions, skill, and training requirements for approximately 15,000 distinct occupations, employing its own unique classification system. Secondly, empirical occupational studies must of necessity impose some strategy of aggregation on whatever classification system is employed, since several hundred occupations are too many for comprehensive analysis. The Census Bureau tabulates and reports occupational data in 13 major groups and 6 summary groups. As a consequence, these aggregate categories are widely cited; they are not usable for our purposes, however, because our underlying theory necessitates a unique aggregation algorithm to which the Census Bureau’s own aggregation strategy--whatever its underlying theory may or may not be--does not conform. The same problem exists with any other existing aggregation scheme employed with any other classification system which forms the basis for any other occupational study. Thus, we are confronted with a serious problem of categorical compatibility in the empirical study of occupations.

We propose to handle this problem by developing an occupational aggregation of the 500+ detailed SOC occupational classifications, which conforms to our theoretical occupational class framework, and which we will use in the tabulation and reporting of decennial census and CPS data. Cross-referencing systems are available for SOC, OES, and DOT classifications which we will use to maintain a database to which other data sources and studies employing alternative classification systems and aggregation strategies can be translated and re-aggregated according to our own system. In this way, comparability problems can, at least in some degree, in principle, be minimized.