

**Lecture 11**  
**Sociology 621**  
**October 12, 2009**  
**BASIC CONCEPTS OF CLASS FORMATION**

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## **I. Stating the Problem**

### **1. Structures and People**

It is sometimes thought that the study of class structure revolves strictly around *positions*, whereas the analysis of class formation and class struggle centers on *people*, on the actual practices of real individuals confronting the world. This is not an adequate way of drawing the distinction. *Both analyses revolve around people, but viewed from different vantage points.* The analysis of class structures views individuals as *incumbents of relationally defined positions*; the analysis of class formation views them as *participants in collective actions*. One of the central objectives of class analysis, then, is to understand how individuals-as-incumbents in positions are ***organized, disorganized and reorganized*** into individuals-as-participants in struggle. This is the process of class formation.

### **2. Potentials for constructing class formations: class structures define three kinds of people**

So far, our main preoccupation has centered on the class structure side of this process. The crucial way in which class structure bears on the problem of class formation is *by defining a terrain of material interests upon which collective actors* are formed. More specifically, for all people, the objective, material interests defined by the class structure determines three potential categories of actors:

- a) People who *share* the same class-based material interests as their own (i.e. who face the same trade-offs and strategies: have to do the same things to improve material welfare)
- b) People who have *antagonistic* material interests to their's, and
- c) People whose class interests may not be identical, but who nevertheless may have sufficiently *overlapping interests* to form the basis of class coalitions.

Class structures thus determine:

- one's potential *friends*,
- one's potential *enemies* and
- one's potential *allies*:

Havens Center poster:

“Class consciousness is knowing what side of the fence you are on;  
Class analysis is knowing who's there with you”

### 3. The Core Interest Logics of class formation

In a simple polarized conception of class structure there are two kinds of interests/formation processes:

1. the *interests of the oppressed* in collectively organizing. Basically the thesis is something like: all things being equal, the more oppressed is a group, the more likely it is that it will **organize** for collective resistance to its oppression.
2. the *interests of the oppressor* in preventing collective organizing by the oppressed. The core thesis is something like this: the more the interests of oppressors are threatened by challenges, the more they will attempt to **repress** collective organization of the oppressed.

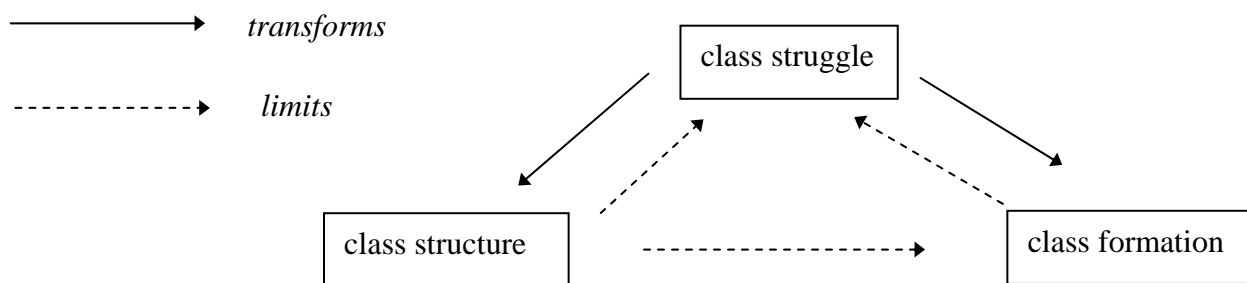
These generates two foundational causal relations:

- The interests of oppressed/exploited classes → oppositional class formation;  
 The interests of dominant/exploiting classes → repressive class formation.

While this is a simplification, this does capture the central thrust of most historical arguments about class struggles and class formation.

Now, these aspects are, in a way, the transparent issues: no one can doubt that interests & repression shape profoundly collective action. The map of interests in the class structure analysis thus generates a map of *potential collective formations*, and these potential class formations, in turn, help explain potentials for struggles.

This causal process can be represented as follows:



## II. Why Interests alone cannot explain class formations

If knowing such potentials was sufficient to predict the patterns of actual struggles, then the analysis of class formation would be a simple affair. This is not, however, the case. The diagram we have just looked at indicates that class structures imposes limits on class formations and struggles – i.e. it makes some more likely than others -- but it does not determine specific class formations or struggles. An analysis of interests, no matter how refined, is never adequate to explain struggle. Several reasons for this are particularly important.

1. Consciousness.
2. Contradictory Interests.
3. Multidimensionality of Interests: class/nonclass interests.
4. Collective Action Dilemmas.
5. The Problem of Class Capacities/power.

### *1. Consciousness.*

Actors may not have clear understandings of their interests. As we shall see in our discussion of ideology, the relationship between subjectively understood interests and objectively determined interests is always problematic. Even if we can unambiguously define objective class interests, therefore, they will at best explain tendencies towards particular forms of struggle, not actual struggles.

### *2. Contradictory Interests.*

Even if all actors had perfectly clear understandings of their interests, the existence of “contradictory locations within class relations” means that many people in class structures have objectively contradictory or inconsistent class interests. This in turn implies that, quite apart from any subjective factors, there is an objective indeterminacy in the direction of participation of people from such locations in class struggles. This indeterminacy comes from the fact that the role of the “middle classes” in class struggle necessarily involves the formation of class *alliances* in which the coalitional parties make certain compromises of class interests in order to cooperate with each other. Given the complexity of the configurations of interests involved, there are nearly always multiple possible formable alliances of this sort. Which, if any, of these possible alliances in fact gets formed, therefore, is not ordained by the class structure itself, but depends upon a variety of political and ideological factors. This again means that it is impossible to read off class struggles and class formation from class structure.

### *3. Multidimensionality of Interests: class/nonclass interests.*

The interests of individuals -- whether we understand those as “objective” or simply “subjective” interests -- are generally not restricted to class interests. Individuals may have ethnic interests, national interests, regional interests, occupational interests, gender interests, and so on, all of which can potentially become the motivational basis for collective action. To the extent that such nonclass bases for collective identity and action compete with class formations, then the relationship between class structure and class formation become less determinate.

#### 4. *Collective Action Dilemmas.*

For reasons we will explore when we discuss the problem of solidarity in the next lecture, even if these first three problems did not exist -- people had a clear understanding of their objective class interests, those interests were consistent with a unique class formation and they had no competing interests -- it is still problematic that they would decide to participate in any class formation. Classes can remain largely disorganized and unformed collectively because of the dilemmas of collective action.

#### 5. *The Problem of Class Capacities/power.*

Finally, participation in struggles is always at least partially contingent upon the predicted outcomes of struggle, and those outcomes themselves depend upon the relative *power* of the contending forces. Many factors shape the relative power of contending classes: their ability to recruit participants in collective actions and the degree of solidarity among members of the class, their ability to forge alliances, the material resources at the disposal of the organizations representing the class, the institutionalized rules of conflict under which struggle takes place, and so on. But whatever the explanations of relative power, class struggles crucially depend upon class *capacities* as well as class interests. This is where class formations play such a crucial role.

#### **Key conceptual point:**

*Class structures can be seen as defining the terrain of obstacles and opportunities for the creation of potential class formations.*

Some of the formations are relatively easy to create in a given class structure; others are difficult; some may even be close to impossible. A good general theory of class formation would attempt to map out the relative probabilities of different kinds of class formations on a given class structure. Such probabilistic maps of class formations, then, would provide the conceptual framework for the empirical study of the creation of historically specific class formations.

Contemporary Marxism is far from being able to specify such a general theory. What we will do in this section, then, is discuss a range of narrower issues that bear on this broader enterprise. In particular we will explore some of the important “microfoundations” for understanding the **process by which collectively organized social actors are formed**, and how, on the basis of such microfoundations, one can begin to understand a variety of patterns of class formation in capitalist society.

### **III. A GENERAL APPROACH TO MICROFOUNDATIONS OF CLASS FORMATION**

In this section, I will elaborate a general approach to the study of class formation. I will argue, following the work of Jon Elster and others, that the theory of class formation should be formulated within a general analysis of processes of “strategic interaction”. The most developed conceptual framework for doing this is provided by what is generally called “game theory”. In what follows we will examine the essential logic of game theory and show how it is relevant to the problem of class formation.

### 1. Game theory as a way of thinking about class struggle and class formation

To many radicals it is outrageous to consider “game theory” as an appropriate basis for studying class formation. Game theory is closely associated with neoclassical economics and conveys an image of rational, selfish actors pursuing their own interests in an atomistic world. Furthermore, the simplifying assumptions needed to construct the formal mathematical models that are the preoccupation of game theorists are seen as so unrealistic as to render the resulting models useless for social analysis. This result is that game theory is seen as involving both an ideologically-tainted view of human action and a radically impoverished method for studying class formation and class struggle (and anything else for that matter).

### 2. An Example: the Prisoner’s Dilemma

We will discuss the prisoner’s dilemma game a bit more in the next lecture, since it is bound up with the analysis of solidarity, but let me illustrate it here just to tell you what “game theory” look like. The story: two actors confronting each other in a setting in which each makes a choice with consequences for both of them. They cannot communicate with each other; they just have to make a choice. Here is the story: if prisoner 1 defects (i.e. rats on the other) and prisoner 2 does not, prisoner 1 goes free, prisoner 2 gets ten years. If they both defect they get 5 years prisoner. If neither defects they each get 2 years. They are only interested in their own welfare. What choice do they make? Answer = the both confess and thus both get 5 years, which is clearly suboptimal, since they both would prefer 2 years (neither defects) to five years. Reason for this outcome = whatever the other person does, it is always rational for prisoner 1 to defect. If prisoner 2 defects, prisoner 1 gets ten years if he does not defect and five if he does; if prisoner 2 does not defect, prisoner 1 gets 2 years if he does not defect and zero years if he does. This is a simple game with a powerful solution, which turns out to have quite a lot of relevance for many explanatory situations.

### 3. Radical Theorists Objections to Game Theory

The hostility of many Marxists to game theory, rational choice theory and related approaches, comes in part, as was suggested above, from its close association with neoclassical economics. This association leads many people to believe that game theory implies that actors are **egoists**, that they are **hyper-rational**, and that actions must be explained primarily in terms of **intentions and choice**. The expression “rational choice theory” encourages this characterization and these criticisms. In fact, game theory need not imply any of these things for actual explanations of social phenomena.

1). *Egoism*. There is no assumption in game theory that people are factually selfish, that they are motivated only out of personal material interests. While it may be a *methodological* postulate that the sensible place to begin analyzing a system of strategic interaction is with assumptions of egoism, this is strictly a simplifying heuristic device. Strategic action models can be developed with any kinds of preferences on the part of actors, but it is easier to understand the nature of those nonegoistic models against a background of pure egoism.

2). *Rationality*: There is also no assumption in game theory that people in fact act rationally, that nonrational and irrational cognitive processes of various sorts are empirically unimportant. The claim is merely that in order to understand the actual explanatory importance of irrationalities it is necessary to begin with models of rational strategic action. As in the case of egoism, rationality serves as a simplifying assumption to make formal model building tractable and to clarify with greater precision the various ways in which actions might be non rational or irrational. These models do not prejudge the question of the *causal* importance of irrationalities; they simply facilitate our ability to specify their effects.

3). *Choice vs. constraint*. Finally, game theory does not imply that the most important explanations for variations across time and place in class formation and class struggle (or anything else for that matter) are variations in the choices, intentions and strategies of actors rather than variations in the social structural constraints within which they make these choices. It is even possible that in specific cases the objective constraints determining the feasible set of possibilities faced by actors is so narrow that choosing becomes virtually irrelevant. The postulate is merely that strategic choice-within-constraint is the framework within which specific explanations must be generated. It is only through the development of theoretical models of such strategic action that it becomes possible to sort out in an effective way the relative importance of constraint and strategy in explaining particular historical outcomes.

The use of strategic action models to understand class formation, therefore, does not imply a commitment to egoism, rationality or voluntarism in social explanations. What it does imply is a particular logic of theory construction in which we begin with simple models built around assumptions of egoism and rationality and then gradually relax the assumptions of the model in order to generate more powerful explanations of specific phenomena.

#### 4. Modes of explaining social action

To understand the value of a game theoretic approach to class formation, it is useful to contrast three ways of understanding human action in general, and the participation of individuals in class struggles in particular:

1). **Action is scripted.** People are socialized in ways which deeply instill various norms and values. With these inculcated norms, people fill roles in society in which their actions are essentially dictated by the nature of the norms that govern the roles. Once properly “programmed” through socialization, people basically act through habit, ritual, routine, convention. Our experience of making choices is thus largely an illusion. Participation in collective struggles, therefore, must be explained by the ways different kinds of norms and values *govern* people’s behavior, not by the process by which people deliberate and consciously make choices.

2). **Action is intentional.** People make choices under constraints, and their actions must be viewed as at least partially explained by their *intentions*. These choices may be *norm*-driven or *goal*-driven, but the action that occurs is consciously chosen rather than programmed as ritual or habit. (By “goal-driven” I mean that the choice of action is made instrumentally to accomplish some goal; by norm-driven I mean that the choice of action is made to conform

to some normative condition). For our present purposes, the crucial thing about models of simple intentional action is that the constraints under which people act can in general be viewed as *parameters* of choice: they are objectively given and fixed. Action is thus intentional and rational, but not *strategic*.

3). **Action is strategic.** People make choices under constraints in a world in which *they know that other actors make choices under constraints*. Our choices therefore take into conscious consideration in one way or another the likely choices of others. That is: we are *strategic* actors, not just *rational* actors.

“Game theory” -- or perhaps what might more appropriately be called *strategic action theory* -- adopts the third of these views. If one believes that actions are the result, at least in part, of the intentions of actors in which the mental processes of deliberation are more or less rational, and if one believes that in such deliberations people take into consideration the likely choices of other actors, then game theory is a natural idiom for studying class struggle and class formation.

## 5. The essential logic of strategic action

Game theory, then, is based on the view of human social practice as radically *interdependent* strategic actions. The object of analysis is to study this interdependency and its consequences. Jon Elster has elaborated the logic of these interdependencies in a particularly clear way in his essay “Marxism, Functionalism and Game Theory” (reference in readings). Imagine a strategic interaction -- a game -- in which people make choices and as a result of the resulting interactions, they receive various kinds of “rewards”. These rewards can be anything: material welfare, feelings of pride, good feelings towards others, or whatever. Three kinds of interdependencies among these choices and rewards, Elster argues, are particularly important in such strategic interactions:

1. *The reward of each is dependent upon the choice of all.* This reflects the diverse ways in which the welfare of each player in the game depends not simply upon his or her own choices, but upon the choices of all others. The “tragedy of the commons” -- in which each person abuses resources held in common thinking that this will benefit them, but because everyone makes the same choice, the commons are destroyed and everyone suffers -- is a vivid example of this kind of interdependency.

2. *The reward of each depends upon the reward of all.* In many situations, each individual’s welfare depends, in part, upon the welfare of others, not simply their own condition taken separately. This is true, for example, in the case of altruism, where one’s own well being depends upon positively on the well being of others, or, alternatively, in the case of envy, where one’s well being is undermined by the welfare of others.

3. *The choice of each depends upon the choice of all.* For many purposes, this is the most important aspect of interdependency, at least for the kinds of substantive problems we will be considering. This is an interdependence of choices in the act of choosing itself, not just in the effects of choices as in the first interdependency. As we shall see, this

interdependency is central to understanding problems of solidarity in working class formation.

This **interdependency of decisions and consequences** leads Elster to characterize game theory as the “theory of strategic action” or strategic choice: actors are making decisions in which complex calculations occur both about the decisions of others and about the payoffs of combinations of decisions. The point of game theory is to understand the structure of these strategic interdependencies, especially the patterns of strategic choices that emerge given certain initial conditions and the patterns of consequences that follow from these strategic choices.

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### Some additional points not discussed in the lecture

#### 6. Types of games

Within game theory as a formal conceptual apparatus a variety of general types of games have been elaborated. In order to clarify the particular way we will use ideas from game theory to discuss class formation, it will be helpful to discuss very briefly some of the principle dimensions on which games vary. Three of these are particularly important: n-person vs. two-person games; zero-sum vs. variable-sum games; cooperative vs. noncooperative games.

1. *N-person vs. two-person.* Most games studied by game theorists are two person games. Games involving more than two actors become mathematically exceedingly complex. Given that in most strategic interactions in the world there are many actors making choices, the emphasis on two person games might seem to seriously undermine the potential insights from game theory. In fact, for many purposes the simplification involved in two person games is not as implausible as it might first seem. For example, if we want to study in strategic action terms the problem of why individual workers do or do not decide to participate in union struggles, one approach is to treat this as a two person game involving an individual worker and “everybody else”.

2. *Zero-sum vs. variable-sum.* Zero-sum games are games in which the total reward available to the players is fixed, so that anyone’s gain is someone else’s loss. Conventional competitive sports in which for every winner there is a loser are good examples. Variable sum games, in contrast, are games in which the total reward available for distribution among the players depends upon the strategies chosen. Under certain strategic combinations, everyone can receive a positive gain (even if some may receive a greater positive gain than others); under other combinations, everyone may suffer.

In the analysis of class formation and class struggle, it is of great importance whether the various “games” one might analyse are viewed as zero-sum or variable sum. If the struggle between workers and capitalists is strictly zero-sum, then it is hard to imagine how class compromises can be forged between them. Every gain in the interests of one class is a loss in the interests of the other. If, however, the game is a variable-sum game, then compromise may be possible.



3. *Cooperative vs. noncooperative games.* In noncooperative games, the players make their choices in isolation from each other. While they may certainly take into account their anticipations of the choices of other actors, they do not enter into overt bargaining and discussion with other actors. Decisions are therefore individually, rather than jointly, made. In cooperative games, on the other hand, the “solution” to the game -- the strategies that are finally adopted -- are forged through explicit bargaining processes.

One of the basic findings of game theory is that certain kinds of noncooperative games do not have “solutions”. That is, there is no stable or equilibrium set of strategies that will be adopted by the actors under the rules of the game. In such situations, solutions only emerge through the active cooperation of agents. In spite of this, most game theory discussions emphasize noncooperative games. The central justification for this is that the logic of noncooperative interactions constitutes the background for bargaining between players in games: what options each actor faces in the absence of cooperation defines the terrain for their cooperative (but still strategic) interactions.

Game theory has explored these various types of games through highly sophisticated mathematical procedures and specialized language. In the discussions of class formation in the next several sections, we will not examine these mathematical models. While we will use some of the conclusions from the formal mathematical analyses of game theorists, we will deploy them in the theory of class formation a much more informal way.

## 7. Digression on the status of formal models

Even if one accepts the importance of strategic action in social theory, the objection can still be raised that the extreme simplification of the complexities of real social practices needed to forge the mathematical models of game theory renders the models useless for explanatory purposes. This raises the perennial methodological problem of the role of abstract formal models in social theory, whether those formal models take explicitly mathematical form as in game theory or more qualitative form as in Max Weber’s famous use of “ideal types”.

Without going into great detail on these issues, I believe that whether one likes it or not, abstract, simple models of this sort are *inevitable* in the production of social explanations. Every explanation, even by the most concrete, empirically-minded scholar, involves simplified models of the interconnections and consequences of various phenomena. Every explanation presupposes a host of *ceteris paribus* conditions. These models may be implicit, they may remain unspecified, but it is impossible to offer an explanation of anything without some kind of simplified model for how the world works. The issue, then, is not whether or not theorists should work with simple models, but rather, whether or not such models should be formalized and made explicit or left unformalized and implicit.

Stated in these terms, there are considerable gains to be made in social theory by explicitly formalizing explanatory models. For one thing, formalization forces people to make their background assumptions explicit, thus opening them up for criticism and reformulation. More generally, when models are formalized it is often easier to understand their “conditions of possibility”, the specific social and cultural conditions which make those explanations plausible. Formal models are often criticized for being ahistorical, abstracted from the specificities of

particular times and places. This criticism is generally misplaced. What a formal model does is make its assumptions explicit -- assumptions about rationality, preferences, information, resources. The claim is not that these conditions universally hold in the world, but that when they do, then the model (potentially) has explanatory power.

This does not imply, of course, that the only goal of social theory is to generate abstract, formal models. Social science in general, and Marxist social science in particular, is also committed to generating explanations of specific events (eg. the Russian Revolution) or the empirical variability of outcomes across cases (eg. the variations in welfare state policies across advanced capitalist countries). The abstract formal models of game theory and other frameworks are useful in this context not because they necessarily provide ready-made explanations for these empirical problems, but because they help to define the questions that need to be asked, the variables that need to be observed and the kinds of answers that need to be investigated. They do not, therefore, constitute an alternative to empirical investigation, but a way of organizing the explanatory objectives of such investigations.