

# An Outline of Socio-economic Structuralism<sup>1</sup>

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## Abstract

*This paper presents what may be regarded as a novel approach to social theory. Whilst laying stress on the economic structure, the theory views it as embedded within a broader societal context. According to the theory, society is viewed as a set of four structures. A set of categories for analysis of those structures is depicted and the most detailed presentation is devoted to the economy. In this case, it includes such innovative notions as quasi-work, lumpenwork and the whole theory of ownership of labour power. This implies an analysis of the differences between the legal and socio-economic approach to property.*

**Key words:** structure, work, ownership, economic sociology, social theory

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<sup>1</sup> An extended treatment of the topic can be found in my recent books: *Economy in Society. Economic Sociology Revisited*, Cambridge Scholars Publishing, Cambridge 2011; *Ownership and Social Differentiation. Understandings and Misunderstandings*, Lambert Academic Publishing, Saarbrücken 2011; *Anti-Capital Human, Social and Cultural*, Farnham: Ashgate, London 2013; *A Critical Handbook Of 'Capitals' Mushrooming Across the Social Sciences*, Lambert Academic Publishing, Saarbrücken 2013; *The Concepts of Capital. The Commodification of Social Life*, NJ, Transaction Publishers, Brunswick 2014., *The Middle riddle. Class and Stratification.*, Nova Science Publishers, New York, forthcoming.

## Introduction

The paper describes what is believed to be a novel theoretical approach with particular, but not exclusive, attention to the economy. From this perspective, it may be classified as a version of economic sociology, albeit drawing more on the classics of the discipline than on the contemporary research. It is mostly for the reasons of space, that the intellectual background of the theory as well as its relationship to ‘new economic sociology’ are deliberately omitted. Within the relatively narrow confines of a single article, one is simply not able to present any comprehensive overview of the issues involved. Therefore, all comparisons, debate etc. are deliberately left for further discussion.

### 1. Society as a Set of Structures

From Max Weber one can learn, amongst others, that any study of the economy must be embedded within a broader theory of society, which idea is the title label of the position being discussed. Indeed, one would like to consider such a multi-level approach as a distinctive feature of socio-economic structuralism. The first element of the label expresses an idea that whatever social phenomenon or process is under examination, its scientific investigation cannot take place without taking into consideration its relationship with the economy, which does not entail any economic determinism or reductionism nevertheless. The second part of the title term of our theoretical and methodological approach signifies that society is viewed in terms of structures. The simplest definition of structure conceives of it as a set of interrelated elements and importantly, relationships between those structural components are more numerous and/or stronger than any ties associating a given structure with its setting, thanks to which structure functions as a whole relatively isolated from its environment.

A contradiction is that link bridging statics and dynamics, reproduction and transformation or generation (a qualitatively new state of given structure or a new structure). Before turning to the explication of the concept concerned, a comment regarding grounds on which distinction of the new structure built from the remaining

qualitative changes is required, however, within the framework of the structure concerned is required. In order to make this distinction, an additional concept is needed, – 'structural core', which comprises a subset of those structural components that endow a given structure with its identity. For example, one can drive a car with broken glasses (non-core element) but without an engine any chance of a ride evaporates. So long as ongoing changes do not infringe the core, we are still dealing with the same structure, whatever secondary changes it has been subject to. The merit of the concept of contradiction stems from its dialectical character; a contradiction may be defined as such relationship between components of a structure that the same phenomena that are responsible for its reproduction (simple or extended which refers to a quantitative change) cause its qualitative change or transformation. Such an approach forces one to search for, first of all, internal sources of change before trying to identify external ones. Moreover, the impact of the latter must always be investigated as mediated by the internal condition of a given structure, including its contradictions above all.

Societies at large consist of four structures: economic, political, ideational and reproductive, which allows us to label the theory as EPIR, by analogy with the famous Parsonian AGIL scheme. Before proceeding to clarifying the content of these concepts, an additional point should be made.

## 2. Activist versus Contemplative Approach to Structures

Marx's claim from 'Grundrisse' that 'Society does not consist of individuals, but expresses the sum of interrelations, the relations within which these individuals stand' (Marx 1939) can be, on the basis of certain interpretations, understood incorrectly. While this, without a doubt, renders such characteristic of socio-economic structuralism as (relational) holism, in another respect it may lead to misleading conclusions. What we mean here is the fact that actually society does not simply consist of mutual relationships of individuals to one another, as the building blocks of structures properly understood are not individual persons, but their actions and their interrelations.

The reader's attention may be drawn on the relevance of the above treatment to the well-known problem of structure vs. agency. Due to space limitations we are not in a position to discuss the problem, in particular its various solutions proposed by

a host of researchers, at length. Thus, the reproductive structure involves all types of work and/or labour<sup>2</sup> as well quasi-work serving the reproduction of the labour power.

In plain language, this societal substructure comprises such smaller structures as the family, health service, sports and entertainment. The concept of quasi-work requires clarification. In reality, given kinds of quasi-work may not differ from their counterparts among regular work as regards their sensual and material shape. The distinction between them does not imply any moral evaluation as well. The Quasi-work may require greater effort, may produce larger quantitatively and better qualitatively results, but still does not transcend the limits of the notion, as it still does not lose its crucial characteristic, which is non-commercial orientation. In contradistinction to quasi-work, labour can be conceived of as such an activity owing to which its agent earns the means of subsistence. Rearing children by their parents, cooking or small-scale repairs carried out within the household are examples of quasi-work. Again, the circumstance that these and other cases of quasi-work may be very socially and economically useful does not alter their non-commercial nature, and thus does not remove them from the box named 'quasi-work'. Apart from both these categories, one should also distinguish what we shall call 'para-labour', which is transitory, temporary work.

The ideational structure in turn comprises all those activities that consist in the production or dissemination of knowledge, information, or other ideas. Such activities are performed by scientists and lecturers, journalists, librarians, artists and clergy. One can easily point to a number of examples of quasi-work in this field, such as acts of amateur painters, 'citizen journalists', believers in some denominations who themselves execute what is in other churches done by professional clergy, writing a diary for one's own pleasure etc.

The political structure involves all activities linked to an application of the means of coercion. What is important to point out in this context is the fact that the state and all its organs: police, courts, prisons etc. use legitimate, public violence. The state may, however, cede some of its powers on behalf of families; cf. the notion: 'parental authority'. In this familial situation one has to do with quasi-work in the sense specified above. In other situations of the use or, rather abuse of violence, one has to do with what it will be dubbed here 'lumpenwork'. In this case no state powers

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<sup>2</sup> Cf. the comment by Marx: 'the English language has two different expressions for these two different aspects of labour: in the Simple Labour-process, the process of producing Use-Values, it is *Work*; in the process of creation of Value, it is *Labour*, taking the term in its strictly economic sense.' (Marx 1967)

are transferred, in fact the activities in question are outlawed, and hence the state uses its means of public coercion in order to defend its citizens who are harmed by pickpockets, mobsters and the like. To be sure, lumpenwork is present also within other societal structures, including the economy, as fairly widely spread expressions such as ‘informal economy’, ‘unofficial economy’, ‘underground economy’, ‘shadow economy’ and other synonymous terms indicate. The distinctive feature of the activities belonging to that peculiar economic substructure is, ironically, the fact that they represent pure private property. This is the case because taxes represent the share of society at large or the nation as a whole in the property in the means of economic action and in the labour power. It follows that the aforementioned economic lumpenwork, which avoids or, rather evades taxation, constitutes private property pure and simple, devoid of any undesired public or all-national ingredients. One additional remark should be made regarding a distinction between, respectively, ‘grey’ and ‘black economy’, the difference being that the former provides personally desirable use-values, which is not the case as far as the activities of narcotics producers or dealers, thieves and the like generators of what should be called, rather, anti- or counter use-values, as the goods and services in question are harmful for individuals’ health and often life itself. Hence, prostitution, or, in more modern parlance: ‘services provided by sex workers’ belong, barring relatively rare cases of female or male prostitutes infected with AIDS or other sexually transmitted diseases, to the grey zone of the lumpeneconomy. In the same category belong beggars, or buskers who are performing in public places, for gratuities, which are generally in the form of money and edibles, etc.

To be sure, as hinted above, the notion of lumpenwork has substantially broader reference, as it applies to other social structures as well. For the sake of illustration, just a couple of examples: illegal downloading of music or movies over the Internet, participation or organisation of illegal dog fights, production and propagation of pornographic films belong to the lumpeneconomy, or in the case it is done not for profit – to the ideational one, but watching them is an element of the lumpenreproductive structure.

The lumpeneconomy normally, i.e. excepting so-called rogue or failed states, accounts for a minor portion of the economy. A case in point is Greece, which, as far as advanced industrial countries go, is characterised by one of the highest percentages in question, which still amounts to 25 per cent.

Hence, the general definition of the economic structures must be sufficiently broad to include such cases. This fairly strict criterion is met by the following definition: the economy is the totality of all cases of substantive work or para-labour, i.e. generating

use-values and exchange value, including all types of material work and quasi-work, as well as, to return to previously considered instances of the economic fringes, respective types of lumpenwork.

The terminology introduced above refers to propagated especially by Polanyi distinction between two ways of viewing the economy. This brings us to the second concept as yet unknown.

### 3. Material Work

To begin with, one specific comment is needed. Namely, we have decided to use the term 'material work' in return of the better known 'productive labour' in order to avoid engaging ourselves in the persistent and, to our taste, drawn-out dispute over the meaning of the notion of productive labour, as well a corresponding debate over which types of work deserve this proud name, as distinct from other ones, which must limit themselves to much less honourable label: 'unproductive'. Such disputes become increasingly sterile and scholastic, so it is better to keep away from them as far as possible.

In order to characterize the form of work under consideration, it is best to borrow the statement from 'Capital': in which its author proposes, 'to consider the labour-process independently of the particular form it assumes under given social conditions. Labour is, in the first place, a process in which both man and Nature participate, and in which man of his own accord starts, regulates, and controls the material reactions between himself and Nature. He opposes himself to Nature as one of her own forces, setting in motion arms and legs, head and hands, the natural forces of his body, in order to appropriate Nature's materials in a form adapted to his own wants. By thus acting on the external world and changing it, he at the same time changes his own nature. He develops his slumbering powers and compels them to act in obedience to his sway. We are not now dealing with those primitive instinctive forms of labour that remind us of the mere animal. An immeasurable interval of time separates the state of things in which a man brings his labour-power to market for sale as a commodity, from that state in which human labour was still in its first instinctive stage. We pre-suppose labour in a form that stamps it as exclusively human.' (Marx 1967)

### 3.1. Material and Manual Work

It is a notorious error to confuse this simple process of work with manual or physical work. This may stem from a superficial interpretation of the word appearing in the Marx's text such as 'bodily organs'. Marx, however, lays stress on the indispensable mental character of human work. He writes, for instance: 'A spider conducts operations that resemble those of a weaver, and a bee puts to shame many an architect in the construction of her cells. But what distinguishes the worst architect from the best of bees is this, that the architect raises his structure in imagination before he erects it in reality. At the end of every labour-process, we get a result that already existed in the imagination of the labourer at its commencement. He not only effects a change of form in the material on which he works, but he also realizes a purpose of his own that gives the law to his *modus operandi*, and to which he must subordinate his will. And this subordination is no mere momentary act. Besides the exertion of the bodily organs, the process demands that, during the whole operation, the workman's will be steadily in consonance with his purpose. This means close attention. The less he is attracted by the nature of the work, and the mode in which it is carried on, and the less, therefore, he enjoys it as something which gives play to his bodily and mental powers, the more close his attention is forced to be. The elementary factors of the labour-process are 1, the personal activity of man, *i.e.*, work itself, 2, the subject of that work, and 3, its instruments' (Marx 1967). Elsewhere in the same work Marx points out that „Tailoring and weaving, though qualitatively different productive activities, are each a productive expenditure of human brains, nerves, and muscles, and in this sense are human labour. They are but two different modes of expending human labour power”. (Marx 1967)

### 3.2. Directly and Indirectly Material Work

As a subtype of material work, one can distinguish repairs of both investment and consumption goods. To repair, say, a chair (it may then, as in other cases, take the form of quasi-work) or a shoe is to produce them anew, albeit only in part. However, if one would like on that basis reject our thesis of the material character

of such activities, one would have to do the same with reference to the production of subassemblies, which, by definition, are not final products themselves. To put it differently, partial manufacturing is still manufacturing.

Another related, albeit at the same time distinct form of material work consist in conservation, i.e. preservation of use-value of the means of production or consumption. However, as distinct from both previously listed types of work, this one should be called indirectly, rather than directly material, as is the case with regard to two instances previously discussed. The same characteristic applies to further forms of material work discussed below.

For example, it is also transportation that can be classified as a type of material work, owing both to its role within the process of production itself and in the process of transferring consumer or investment goods to their consumers. This much was clear both for Weber and Marx who writes in 'Capital': 'division of labour, which is the distinguishing principle of manufacture, requires the isolation of the various stages of production and their independence of each other. The establishment and maintenance of a connection between the isolated functions necessitates the incessant transport of the article from one hand to another, and from one process to another. From the standpoint of modern mechanical industry, this necessity stands forth as a characteristic and costly disadvantage, and one that is immanent in the principle of manufacture... The manufacturer may first produce articles and then look for consumers' (his product, thrust out of the process of production when finished, passes into circulation as a commodity separated from it'. 'Production and consumption thus appear as two acts separated in space and time. In the transportation industry, which does not create any new products but merely transfer men and things, these two acts coincide; its services' (change of place)' are consumed the moment they are produced. For this reason the area within which railways can sell their services extends at best 50 versts (53 kilometres) on either side of their tracks.' (Marx 1967)

The result, whether men or goods are transported, is a change in their whereabouts: 'Yarn, for instance, may now be in India instead of in England, where it was produced. However, what the transportation industry sells is change of location. The useful effect is inseparably connected with the process of transportation, i.e., the productive process of the transport industry. Men and goods travel together with the means of transportation, and their traveling, this locomotion, constitutes the process of production effected by these means. The useful effect can be consumed only during this process of production. It does not exist as a utility different from this process, a use-thing which does not function as an article of commerce, does not circulate as a commodity, until after it has been produced. But the exchange-value

of this useful effect is determined, like that of any other commodity, by the value of the elements of production (labour-power and means of production) consumed in it plus the surplus-value created by the surplus-labour of the labourers employed in transportation. This useful effect also entertains the very same relations to consumption that other commodities do. If it is consumed individually its value disappears during its consumption; if it is consumed productively so as to constitute by itself a stage in the production of the commodities being transported, its value is transferred as an additional value to the commodity itself\* (Marx 1967).

Let us emphasize that this characteristic of transportation concerns transport of goods only, as opposed to transportation of people, which may also constitute an element of the economy nevertheless, even if the rationale for this is different than ones specified above (as will be explained below).

In all processes of collective work there must appear another type of indirectly material work, i.e. executive work, which, by and large, consists in the organization and co-ordination of their subordinates. It can be analytically distinguished (as these functions are frequently fulfilled by one person) the work of supervision whose defining feature is an ability of applying sanctions, or to be more precise: negative sanctions or punishments, which in modern conditions have chiefly the nature of monetary or moral stimuli.

### **3.2.1. Pre-material Work**

The head form of indirectly material work has been chosen as a subject of a separate subsection on account of its extraordinary relevance in modern conditions, which are so often described as the 'knowledge economy', 'knowledge-based economy', 'information society' etc. These phrases refer in actual fact to the activities of those who perform the conceptual or pre-material work. Scientists, engineers, technologists, computer programmers, designers, architects produce what may be called ideal or intellectual means of economic activity, including material labour. Computer software, models, technical drawings, written or computer-generated instructions and manuals all constitute a necessary moment of many types of work, including above all material labour.

## 4. Substantive Work

First and foremost, there belong here very relevant under the capitalist mode of economic activity work in the sphere of circulation, or commodity-money exchange. As such, this kind of labour does not add new value, does not impinge on the use-value of a given good. However, some activities carried on in this domain are of indirectly material nature, as they meet the above condition. This applies to measuring, weighing, packing done by shop assistants and their fellow employees. The wider the scopes of such activities in commercial employees' work, the wider an extent in which they are engaged in (indirectly) material labour.

The sphere of circulation includes also a sphere of circulation of this peculiar form of commodity, which is money. Accordingly, Marx emphasized the role of credit for the capitalist system of economic activity, material production included. Regarding this, he stated, amongst others, in his ground-breaking work: 'the credit system, which in its first stages furtively creeps in as the humble assistant of accumulation, drawing into the hands of individual or associated capitalists, by invisible threads, the money resources which lie scattered, over the surface of society, in larger or smaller amounts; but it soon becomes a new and terrible weapon in the battle of competition and is finally transformed into an enormous social mechanism for the centralization of capitals. Commensurately with the development of capitalist production and accumulation there develop the two most powerful levers of centralization – competition and credit' (Marx 1967).

Thus, work associated with credit-financial operations should be undoubtedly included in the economic structure, as constituting in modern conditions an indispensable condition of the occurrence of economic processes. In this category, one should also include work oriented on the realization of use-values as exchange values, i.e., consumer credit. Still, financial work cannot be considered as either directly or indirectly material work, because what is missing in its case is the fulfilment of the criterion of empirically influencing use-value, which characterized each type of work considered in the previous subsection.

To sum up, the prime category of material labour is composed of not only work which directly produces material goods, but also all types of labour that is constitutive of the collective worker, i.e., constitutes one of his/her organs, under which guise both executive and pre-material work hide.

Whilst the fact that all types of work considered so far belong in the economy raises no doubts even for the accepted wisdom, an economic character of the activities which form the topic of the present subsection is for what John Kenneth Galbraith used to call 'the conventional wisdom' by no means so clear.

Marx used the notion of productive labour as each labour that produces profit for the owner of the means of work. Thus, in his 'Theories of Surplus Value' (often, and not without reason, called Volume IV of 'Capital') he makes it clear that 'An actor, for example, or even a clown, according to this definition, is a productive labourer if he works in the service of a capitalist (an entrepreneur) to whom he returns more labour than he receives from him in the form of wages; while a jobbing tailor who comes to the capitalist's house and patches his trousers for him, producing a mere use-value for him, is an unproductive labourer. The former's labour is exchanged with capital, the latter's with revenue. The former's labour produces a surplus-value; in the latter's, revenue is consumed.' (Marx 1939b)

Productive and unproductive labour is here throughout conceived from the standpoint of the possessor of money, from the standpoint of the capitalist, not from that of the workman; hence the nonsense written by Ganilh, etc. who have so little understanding of the matter that they raise the question whether the labour or service or function of the prostitute, flunkey, etc., brings in returns. A writer is a productive labourer not in so far as he produces ideas, but in so far as he enriches the publisher who publishes his works, or if he is a wage-labourer for a capitalist.

The use-value of the commodity in which the labour of a productive worker is embodied may be of the most futile kind. The material characteristics are in no way linked with its nature, which on the contrary is only the expression of a definite social relation of production. It is a definition of labour which is derived not from its content or its result, but from its particular social form.

On the other hand, on the assumption that capital has conquered the whole of production – and that therefore a commodity (as distinct from a mere use-value) is no longer produced by any labourer who is himself the owner of the conditions of production for producing this commodity – that therefore only the capitalist is the producer of commodities (the sole commodity excepted being labour-power) – then revenue must be exchanged either against commodities which capital alone produces and sells, or against labour, which just like those commodities is bought in order to be consumed; that is, only for the sake of its particular material characteristics, its use-value – for the sake of the services which, through its particular material characteristics, it renders to its buyer and consumer. For the producer of these services

the services rendered are commodities. They have a definite use-value (imaginary or real) and a definite exchange-value. For the buyer, however, these services are mere use-values, objects in which he consumes his revenue. These unproductive labourers do not receive their share of revenue (of wages and profits), their co-partnership in the commodities produced by productive labour, gratis: they must buy their share in them; but they have nothing to do with their production.

It is, however, in any case clear: the greater the part of the revenue (wages and profit) that is spent on commodities produced by capital, the less the part that can be spent on the services of unproductive labourers, and vice versa.

The determinate material form of the labour, and therefore of its product, in itself has nothing to do with this distinction between productive and unproductive labour. For example: 'the cooks and waiters in a public hotel are productive labourers, in so far as their labour is transformed into capital for the proprietor of the hotel. These same persons are unproductive labourers as menial servants, inasmuch as I do not make capital out of their services, but spend revenue on them. In fact, however, these same persons are also for me, the consumer, unproductive labourers in the hotel'. (Marx 1967)

Meanwhile, from our viewpoint there is a definite difference between those exemplary embodiments of the Marxian category: 'productive worker' who are, respectively, a cook employed in a privately-owned restaurant, and an artist, say, a singer employed in the entertainment industry. The former, namely, performs in fact directly material labour, as he produces specific consumer goods in the form of particular dishes. His fellow employee such as a waiter, however, just as the above-mentioned singer, rock artist, etc. Does merely substantive labour, since he or she, as the case may be, in no way impinge upon the use-value of specific goods. To even greater extent, to be sure, the above characteristics apply to the aforementioned tailor who works for a private client.

Thus, from the standpoint of socio-economic structuralism any mechanical translation of Marxian categories of productive and unproductive labour into, correspondingly, material and substantive is ruled out. Our position departs from that of Marx also in this respect that domestic servants, etc. are still seen as performers of substantive work, since their activities bring in the means of subsistence. The fact that they do not bring in profit in any sense is irrelevant here (they generate no profit, as opposed to income). Another difference in relation to Marx's position concerns an absence of the category of lumpenwork, owing to which we do not have – as, unfortunately, the author of 'Capital' does – theoretically dismiss prostitutes and other participants, in our terms, in the lumpeneconomy. Even more importantly, it

is to be noted that Marx constructed his concept of productive labour analysing the capitalist based on exploitation, mode of production. Meanwhile, within the capitalist economic formation of society, there function also numerous economic agents who do not employ any wage labour, and thus are not, by definition, exploiters of other people's labour power. Work of such owners of artisan workshops, self-employed agents, such as individual providers of various services, including professionals, e.g., lawyers, physicians, advisers and consultants, or bodyguards is nevertheless, part of the economic structure.

## 5. The Definition of Services

Even superficial glance at the relevant literature leads to the conclusion that the title question is indeed a thorny issue. Let us, therefore, clear up, hopefully, at least some, if not all misunderstandings which one comes across in this field. Often as a defining feature of services, the point is raised that they vanish in the process of their consumption. However, this should be conceived of as a secondary rather than primary trait of services, since by any means each of the latter possesses the aforementioned characteristic. The distinctive attribute of services is rather the fact that they come up as not objectified, but living labour, or work, for that matter. This kind of activity may be defined as a useful action of the labour power which directly satisfies wants of a given individual. That is to say, services satisfy personal needs in the form of an action itself, as opposed to a good or commodity.

We must deal with one more fairly common error as well. As indicated above, services are rendered in relation to individual persons. It follows that the activities of the police, the government or local officials, the military, etc. should be treated in different terms. All these people satisfy by virtue of their activities some needs and interests of society as a whole, which is not the case of typical services, such as education, health services, private eyes, pop groups, clergymen and so forth.

## 6. Non-substantive Work

The above listing of some characteristic services must be supplemented by an elucidation of the relation of the services named above to the category of substantive

work. This leads us in a natural way to the concept correlative of the notion of substantive work. Put simply, under the category of non-substantive work one should place all these activities that bring in the means of material and spiritual existence, but are not identical to any types of substantive work, which all are, it should be kept in mind, part and parcel of the economy. It follows that non-substantive work should be located in the non-economic sphere. And indeed, this applies to all types of work, as opposed to quasi-work, which support respective varieties of non-economic structures. Let us briefly, as the very topic has been taken up above, indicate that in the case of the reproductive structure one has to do with physicians, nurses, sportsmen, film and theatrical actors, circus acrobats, jugglers etc. Insofar as the ideational structure is concerned, its primary constituents are scholars, university lecturers, librarians, journalists etc. The political structure, in turn, is composed primarily of work done by the central government members and officials, as well their equivalents at the level of local authorities, judges, prosecutors, prison guards, the military and the police.

What must be kept in mind is that the categorization of the above-mentioned types of work is not fixed once for all, as it is dependent not on their exterior, observable characteristics by themselves, but on their in-depth socio-economic reading. Again, in dialectical-structural terms, where a given type of work (or any other phenomenon, for that matter) should be located in society depends on its relations to other components of a given structure rather than its inherent, given once for all characteristics. Thus, whilst a physician employed in a public hospital belongs in the substructure under consideration, her or his fellow doctor working in a private clinic is in totally different situation, as she does substantive labour. Equally, teachers of public schools are in a different position than those employed in private schools. Working as a BBC journalist is one thing, and to be employed as a broadcaster in privately-owned media quite another.

That said, we may finally restrict ourselves to reminding the reader that as it is the case in all societal structures generally, the aforementioned ones, too, are built from para-work, quasi-work, and lumpenwork.

## 7. Social Consciousness

This broad category comprises such ideal substructures as law, morality, religion, science, art, philosophy and social customs. This is not to say, as could the above

listing imply, that these are kind of free-floating items. Nothing can be further from the truth. It is only upon careful investigation that one is able to determine their ultimate location in society. What we mean is the fact that this place is variable, dependent on whether given moral, legal or customary norms become necessary premises of executing definite types of work. For example, if a legal ruling concerning the maximum working hours or minimum wage plays the role of stimulus of action of industrial managers, then such rules come to constitute integral components of the economy. A parallel situation may repeat itself in the case of other societal substructures. In the case of social consciousness, considerable caution is needed, since in many instances it is only upon careful investigation that the role of a given element can be established. For example, some political slogans, which appear to be merely spin, epiphenomenal ideology, publicity stunt, may, upon an analysis in more detail, play certain actual social role as, e.g., ideas attracting new party members or helping to win elections, even if the winning party has never seriously intended to implement them.

To kind of recapitulate the foregoing, the reader's attention may be drawn to an explicit or tacit role that in the above presentation has been played by the notion of property. Ownership is, as a matter of fact, something whose importance in the economy cannot be over-estimated. Among others, it forms the basis for an analysis of social differentiation, as two its principal components are socio-economic classes and social estates, i.e. counterparts of classes in the non-economic sphere, also in the sense of being based on a set of non-economic property relations, whilst economic ownership forms the foundation of socio-economic classes. Both respective theories are an integral part of the analytical framework under investigation, and are discussed at length elsewhere.

## 8. The Two Faces of Ownership

Swedberg (2003: 203) observes that property has not been much studied by sociologists. Property rights are discussed by some (e.g., Emigh 1999; Fligstein 2001; Sorensen 2000; Stinchcombe 1983), and they figure into studies of transition economies (e.g., Walder 1988), class analysis (Wright 2002), comparative capitalisms (Dore 2000; Hall & Soskice 2001), and specific types of property, but they have not received an encompassing sociological treatment. By contrast, economists have long been interested in property rights (Alchian & Demsetz 1973; Barzel 1989; Libecap 1989; Eggertsson

1990). Sociology's neglect is unfortunate, for the founders of sociology knew that property rights have great sociological relevance. The most obvious connection, Marx recognized, is with social stratification. Ownership constitutes one of the most enduring dimensions of inequality. Property in modern societies is maintained by the legal system, and so directly implicates law and the state, but informal property rights emerge as practices decouple from formal institutions. Many instances of dramatic political change involved shifts in property rights (e.g., the Russian and French Revolutions). In addition, to exchange property rights is the 'elemental market transaction' (Carruthers, Ariovich 2004).

Ownership is of more than merely academic interest. In particular, the recent worldwide privatization wave put the issue of ownership high on the agenda. Since it is also one of the most contentious theoretical issues and a focus of a whole host of pressing social problems, it is worth discussing in rather more detail. Despite, or perhaps because of, the fact that the concept in question appears to be self-evident, there is clearly no consensus among social scientists on its precise meaning. Some writers use the terms 'ownership' and 'property' interchangeably, while others distinguish ownership from property. More importantly, by no means all sociologists, economists etc. are aware of the difference between legal ownership (or property, for that matter) and economic ownership.

It is not only that certain distinctions drawn by property lawyers such as those between 'property' and 'property rights' are largely irrelevant to economic analysis and can be ignored.

Let us, therefore, enumerate more systematically at least some of the reasons for the inadequacy of this more common legal approach. This criticism towards not so much jurisprudential theory of property as such (which of course retains its validity within its proper domain) as its indiscriminate use in positive or empirically grounded, as opposed to normative or dogmatic (Weber's term), realms of discourse lies at the heart of all the socio-economic analyses worthy their name. By the same token, the scholars who subscribe to, as well as draw on the intellectual tradition represented by Karl Marx, Max Weber, Eugen von Boehm-Bawerk and other members of the Austrian school of political economy, who all have in common a tendency to distrust overgeneralized or reified concepts and to step beyond formalistic fetishized legal notions to those relations that form the economic and social background of law.

As has been implied above, ownership has a dual mode of existence, so to speak; economic ownership (to be defined later) is to be distinguished from legal ownership, which belongs to what Marxists call the superstructure, as opposed to the economic

base of society. While the law generally sanctions the economic relations of ownership, the latter rarely corresponds to the prevailing legal forms. Public or state ownership has varying economic and sociological contents or meanings depending on its concrete historical context. Compare, for instance, the ancient East, where the state, personified by the king, was the owner of immense land property, artisans, workshops etc. with the modern West with its often quite high extent of public ownership, or with the 'socialist' nations of Eastern Europe, where government ownership was dominant. On the other hand, one and the same economic relation of ownership may find its expression in diverse legal forms. For instance, legal arrangements concerning property in land differed greatly in the former Soviet Union, Czechoslovakia and Eastern Germany, yet real economic relations of ownership were very similar in all those countries. Furthermore, many legal concepts operate at too high level of abstraction to be suitable for economic (and sociological) analysis. This applies, among others, to the crucial concept of the 'corporation'. The emergence of the joint-stock company as a major method of business organization involves legal recognition of the corporation itself as the owner of its assets. But economic ownership can be an attribute of only private or 'natural', as opposed to legal, persons (or their groups). To recognise a corporation as the owner of its capital does not answer any of the following questions, which are vitally important for economic or sociological analysis. Does the corporation belong to the body of shareholders as a whole or a portion of them?

What is the corporation's managers ownership status? Is economic ownership wielded by the company's employees as well? Does the concept of indirect ownership through employee pension funds apply here? What is the extent of foreign ownership? Etc., etc. Standard jurisprudential thought fails to penetrate beneath this 'corporate veil'. It is not only with respect to the subject of ownership that jurisprudential analysis of property is found wanting. The same applies to its object. Property can be not only in physical 'things' such as machines or land, or in incorporeal or intangible objects such as patents, but also in the labour power or, in Max Weber's terms, 'Arbeitsqualifikationen'. More generally, there are many economic property relations that are not taken account of by the law. To own some object is not necessarily to have a legal title to it. The legal approach to property by focusing on the holder of a legal document containing provisions enforceable through the courts disregards, among other things, the host of illegal relations composing the black or hidden economy. Putting it another way, economic relations of ownership can rest not only on legal provisions but also on informal agreements, social customs or conventions etc.

## 8.1. Property Rights Theory Critically Considered

With all its sophisticated analytic approach to ownership, the property rights theory retains, unfortunately, many essential features of jurisprudential doctrine of property. Thus, for instance, Furubotn and Pejovich state that, 'at any moment of time there is a legally sanctioned structure of property rights in existence' (Furubotn and Pejovich 1974). Elsewhere they write that, 'to argue for a change in the content of the right of ownership is to argue for a change in the allocation of resources to which legal support is given' (Ibidem). They also maintain that, 'the right to ownership ... is limited only by these restrictions that are explicitly stated in the law'. It is only from the narrow legal perspective, however, that ownership is subject to none but 'legal restrictions' (Pejovich 1990: 28). In reality, ownership is also conditioned by current conventions, attitudes, group habits etc. In addition, the property rights writers sometimes fail to penetrate beneath the formal-legal surface to the extent that they continue to consider the state and other legal persons as owners. Alchian and Demsetz, for instance, speak about, 'corporate, school and church owners of property' (1972: 19). In fairness to the property rights school, however, it should be noted that no such legal treatment of ownership is inherent in its theoretical framework. This is shown, for example, by the following statement: 'the [property] rights we have may be the product of the legislative process and may be enforced by a third party: usually the third party is the government... rules which establish rights may not have third-party enforcement. In this case they carry weight in the decisions of individuals simply because individuals recognise and respect behavioural limits for themselves and others' (McKenzie and Tullock 1978: 78). In the words of another pair of authors, 'the attenuation of the stockholders' property rights in the firm and the 'rule of management' result not from legal restraints on private property rights, but from the costs to the owners of detecting and policing managerial decisions and of enforcing wealth maximising behaviour' (Furubotn and Pejovich 1974: 1149). Alchian notes that, 'the rights of individuals to the use of resources (i.e., property rights) in any society are to be construed as supported by the force of etiquette, social custom, ostracism, and formal legally enacted laws supported by the state power of violence and punishment' (Alchian 1977: 129). Granted that all vestiges of the legal view of property would be removed, there remains a problem of how that economic ownership is to be understood. The property rights school draws its definition of ownership from Roman law. According to this classic definition, "the

right of ownership in an asset consists of three elements: (a) the right to use the asset (usus), (b) the right to appropriate returns from the asset (usus fructus), and the right to change the asset's form and/or substance (abusus) (Furubotn and Pejovich 1974: 4). One of the inconveniences of so broad a concept is the difficulty of identifying the owner when property rights in a given asset are partitioned between two or more persons. The property rights writers handle such problematic cases in not quite satisfactory and rather ambiguous way. Alchian, for instance, admits that a lease or rental agreement 'does contain transfers of some of the rights that are included in ownership' (1977: 133). So is the lessee the owner (or perhaps a part-owner)? No, answers Alchian; since in this case the rights are divided on a temporary basis, and therefore the right of ownership rests essentially with the lessor. But what if the ownership rights are partitioned on a permanent rather than temporary basis?

A case in point is the business corporation. The innovation of the corporation was a startling change in property rights as traditionally conceived. The corporation scattered among many persons the rights of ownership. Under it, those who supply capital in both equity and debt forms and enjoy the income produced by that capital may be quite different from those who direct the use of the capital. This much is acknowledged by Alchian and Demsetz, who write that, 'instead of thinking of shareholders as joint owners, we can think of them as investors, like bondholders... If we treat bondholders, preferred and convertible preferred stockholders, and common stockholders and warrant holders as simply different classes of investors - ... why should stockholders be regarded as "owners" in any sense distinct from the other financial investors?' (1972: 789). They go on to note that 'the entrepreneur-organizer, who let us assume is the chief operating officer and sole repository of control of the corporation, does not find his authority residing in common stockholders' (1972: 789). Does it mean that it is this 'chief operating officer' who should be called the owner of the firm? In another paper, one can find even more unequivocal statement to the effect that in the case of the publicly-held corporation 'a small management group becomes the de facto owners. Effective ownership, i.e., effective control of property, is thus legally concentrated in management's hands... shareholder are essentially lenders of equity capital and not owners... What shareholders really own are their shares, not the corporation. Ownership in the sense of control again becomes a largely individual affair. The shareholders own their shares, and the president of the corporation and possibly a few other top executives control the corporation' (Demsetz 1967: 358-359). The problem with such contentions is that they are inconsistent with the property rights writers' own definition of ownership and that they undermine the whole logic of their arguments about the need for monitoring managers or the

principal-agent problem, etc. It does not help much when 'ownership of capital' is distinguished from 'ownership of the firm' since such 'escape hatches' do not sit well with the property rights writers' statements more in line with the conventional conception of the structure of ownership of the corporation, such as: 'the manager need not be an owner or even part owner in the firm' (Alchian, Woodward 1988: 72).

Similar ambiguity characterises the property rights scholars treatment of public ownership. On the one hand, it is asserted that according with its label, this kind of property is owned by the public at large. Alchian even stresses that 'public ownership must be borne by all members of the public' (1977: 139). More nuances, but at the same time ambiguities as well, are found in Nutter, who argues as follows: 'If an abstract entity such as the state is to be called the owner, then government must be the concrete agency charged with trusteeship. Government will be ... responsible to some group of persons for whom it is acting as agent, and it will presumably be responsive at least indirectly to their interests. Ultimately, then the persons controlling government are the effective owners of state-owned enterprises while government or some part of it serves as manager' (1974: 222). Note a shift in the criteria used to identify the owner of public enterprises.

To put it in a nutshell, beneficiaries were replaced by controllers and with that probably the locus of ownership shifted as well; it is not the community at large, as in the former case, but probably some narrower group of people – not specified by Nutter – that is to be regarded as the owner of state enterprises. Pejovich is more specific naming 'the ruling group' as the owners of the means of production (1973: 351–352). In another paper, written with Furubotn, he however speaks of, 'the state's ownership of the firm' (Furubotn and Pejovich 1972: 1154).

Picot and Kaulmann take a compromise position in describing the structure of property rights in government-owned enterprises in the following way: 'the right to coordinate (to acquire and to allocate) resources is mainly in the hands of the managers of these corporations; the right to appropriation of profits (and losses) and the right to capitalization (to transfer all property rights to new owners) is in the hands of the government' (1989: 300).

This claim is not satisfactory, however, if for no other reason because government 'appropriates' revenues from public enterprises not on its own account but on behalf of the citizenry. While the pinpointing of those who benefit from the expenditures of government (or tax reductions) may be difficult, nothing alters the fact that these benefits, however allocated, are real.

## 8.2. The Rent-based Theory of Economic Ownership

In other words, according to the present writer, ownership should be looked at as benefit. And incidentally, the authors seem to notice this as they write about 'the citizens that are represented by the government' (Picot and Kaulmann 1989: 300). Be it as it may, it is difficult to escape the judgment that all in all we are presented with a plethora of views on the question of ownership of so-called state-owned enterprises.

It follows from the above discussion that the relationship between control and what Berle and Means term 'beneficial ownership' may constitute a matter of dispute. According to the present writer it is, as indicated above, precisely this ability to benefit, as distinct from the ability to control, that constitutes the substance of ownership. In many cases these two aspects coincide with each other, but this is not necessarily the case and those who benefit need not be those who control or make decisions concerning the use of given objects.

Because the users themselves do not decide on the admission hours to a botanical garden or because there is a state institution that manages public forests, the objects in question do not cease to be common property (because everyone can enjoy them). The fact that the state grants access to fish in rivers and lakes does not turn the fish into the government property.

In addition, it must be pointed out that the benefits inherent in the ownership of the factors of economic activity always are, to a lesser or larger extent, gratuitous. It is precisely for that reason that, referring to the economic notion of rent as an unearned income, our whole approach to property may be called: 'the rent theory'.

It is in these terms that Marx proceeds in 'Capital', using a number of examples from modern capitalism, albeit it has to be stressed that the basic nature of economic ownership is universal, i.e., present in other economic formations of society as well. This is, incidentally, emphasized by Marx in, amongst others, the following statement: 'The soil (and this, economically speaking, includes water) in the virgin state in which it supplies man with necessaries or the means of subsistence ready to hand, exists independently of him, and is the universal subject of human labour. All those things which labour merely separates from immediate connexion with their environment are subjects of labour spontaneously provided by Nature. Such are fish which we catch and take from their element, water, timber which we fell in the virgin forest and ores which we extract from their veins' (Marx 1967). It is true that this extraction of ores, coal, crude oil and other mineral deposits always require some expenditure of human labour power. But can even the greatest effort of

a worker equate with millions of years required for the natural processes to produce these forms of wealth? If the crucial aspect of economic property is apparent in the case of even transhistorically understood work, the more this is the case in the most developed system of production and labour, including exploitation of nature itself: 'that the productive forces resulting from co-operation and division of labour cost capital nothing. They are natural forces of social labour. So also physical forces, like steam, water, etc., when appropriated to productive processes, cost nothing. But just as a man requires lungs to breathe with, so he requires something that is work of man's hand, in order to consume physical forces productively. A water-wheel is necessary to exploit the force of water, and a steam-engine to exploit the elasticity of steam. Once discovered, the law of the deviation of the magnetic needle in the field of an electric current, or the law of the magnetization of iron, around which an electric current circulates, cost never a penny. But the exploitation of these laws for the purposes of telegraphy, etc., necessitates a costly and extensive apparatus. The tool, as we have seen, is not exterminated by the machine. From being a dwarf implement of the human organism, it expands and multiplies into the implement of a mechanism created by man. Capital now sets the labourer to work, not with a manual tool, but with a machine which itself handles the tools. Although, therefore, it is clear at the first glance that, by incorporating both stupendous physical forces, and the natural sciences, with the process of production, modern industry raises the productiveness of labour to an extraordinary degree, it is by no means equally clear, that this increased productive force is not, on the other hand, purchased by an increased expenditure of labour. Machinery, like every other component of constant capital, creates no new value, but yields up its own value to the product that it serves to beget. In so far as the machine has value, and, in consequence, parts with value to the product, it forms an element in the value of that product. Instead of being cheapened, the product is made dearer in proportion to the value of the machine. And it is clear as noonday, that machines and systems of machinery, the characteristic instruments of labour of Modern Industry, are incomparably more loaded with value than the implements used in handicrafts and manufactures.

In the first place, it must be observed that the machinery, while always entering as a whole into the labour-process, enters into the value-begetting process only by bits. It never adds more value than it loses, on an average, by wear and tear. Hence there is a great difference between the value of a machine, and the value transferred in a given time by that machine to the product. The longer the life of the machine in the labour-process, the greater is that difference. It is true, no doubt, as we have already

seen, that every instrument of labour enters as a whole into the labour-process, and only piece-meal, proportionally to its average daily loss by wear and tear, into the value-begetting process. But this difference between the instrument as a whole and its daily wear and tear, is much greater in a machine than in a tool, because the machine, being made from more durable material, has a longer life; because its employment, being regulated by strictly scientific laws, allows of greater economy in the wear and tear of its parts, and in the materials it consumes; and lastly, because its field of production is incomparably larger than that of a tool. After making allowance, both in the case of the machine and of the tool, for their average daily cost, that is for the value they transmit to the product by their average daily wear and tear, and for their consumption of auxiliary substance, such as oil, coal, and so on, they each do their work gratuitously, just like the forces furnished by Nature without the help of man. The greater the productive power of the machinery compared with that of the tool, the greater is the extent of its gratuitous service compared with that of the tool. In modern industry man succeeded for the first time in making the product of his past labour work on a large scale gratuitously, like the forces of Nature'. In another context of his work, Marx reveals an analogous nature of material labour: 'While productive labour is changing the means of production into constituent elements of a new product, their value undergoes metempsychosis. It deserts the consumed body, to occupy the newly created one. But this transmigration takes place, as it were, behind the back of the labourer. He is unable to add new labour, to create new value, without at the same time preserving old values, and this, because the labour he adds must be of a specific useful kind; and he cannot do work of a useful kind, without employing products as the means of production of a new product, and thereby transferring their value to the new product. The property therefore which labour-power in action, living labour, possesses of preserving value, at the same time that it adds it, is a gift of Nature which costs the labourer nothing, but which is very advantageous to the capitalist inasmuch as it preserves the existing value of his capital. So long as trade is good, the capitalist is too much absorbed in money-grubbing to take notice of this gratuitous gift of labour. A violent interruption of the labour-process by a crisis makes him sensitively aware of it'. In another context of 'Capital', Marx draws attention to the socio-economic nature of the relation: capital-labour power, which, as it turns out, brings about similar consequences, which, what is more, far extend beyond the production of the surplus-value, as his best known notion has it: 'I assume, throughout, the state of things which, where the labourers and capitalists are separate classes, prevails, with few exceptions, universally; namely, that the capitalist advances the whole expenses, including the entire remuneration of

the labourer... Though the manufacturer (i.e., the labourer) has his wages advanced to him by his master, he in reality costs him no expense, the value of these wages being generally reserved, together with a profit, in the improved value of the subject upon which his labour is bestowed ... The labourer is often compelled to make his individual consumption a mere incident of production. In such a case, he supplies himself with necessaries in order to maintain his labour-power, just as coal and water are supplied to the steam-engine and oil to the wheel. His means of consumption, in that case, are the mere means of consumption required by a means of production; his individual consumption is directly productive consumption. This, however, appears to be an abuse not essentially appertaining to capitalist production. The matter takes quite another aspect, when we contemplate, not the single capitalist, and the single labourer, but the capitalist class and the labouring class, not an isolated process of production, but capitalist production in full swing, and on its actual social scale. By converting part of his capital into labour-power, the capitalist augments the value of his entire capital. He kills two birds with one stone. He profits, not only by what he receives from, but by what he gives to, the labourer. The capital given in exchange for labour-power is converted into necessaries, by the consumption of which the muscles, nerves, bones, and brains of existing labourers are reproduced, and new labourers are begotten. Within the limits of what is strictly necessary, the individual consumption of the working class is, therefore, the reconversion of the means of subsistence given by capital in exchange for labour-power, into fresh labour-power at the disposal of capital for exploitation. It is the production and reproduction of that means of production so indispensable to the capitalist: the labourer himself. The individual consumption of the labourer, whether it proceed within the workshop or outside it, whether it be part of the process of production or not, forms therefore a factor of the production and reproduction of capital; just as cleaning machinery does, whether it be done while the machinery is working or while it is standing. The fact that the labourer consumes his means of subsistence for his own purposes and not to please the capitalist has no bearing on the matter. The consumption of food by a beast of burden is none the less a necessary factor in the process of production, because the beast enjoys what it eats. The maintenance and reproduction of the working class is, and must ever be, a necessary condition to the reproduction of capital. But the capitalist may safely leave its fulfilment to the labourer's instincts of self-preservation and of propagation. All the capitalist cares for, is to reduce the labourer's individual consumption as far as possible to what is strictly necessary, and he is far away from imitating those brutal South Americans, who force their labourers to take the more substantial, rather than the less substantial, kind of food.

Hence both the capitalist and his ideological representative, the political economist, consider that part alone of the labourer's individual consumption to be productive, which is requisite for the perpetuation of the class, and which therefore must take place in order that the capitalist may have labour-power to consume; what the labourer consumes for his own pleasure beyond that part, is unproductive consumption. If the accumulation of capital were to cause a rise of wages and an increase in the labourer's consumption, unaccompanied by an increase in the consumption of labour-power by capital, the additional capital would be consumed unproductively. In reality, the individual consumption of the labourer is unproductive as regards himself, for it reproduces nothing but the needy individual; it is productive to the capitalist and to the State, since it is the production of the power that creates their wealth' (Marx 1967).

Concentration on what property rights scholars, as well as many other theorists, view as only one aspect of property, by no means leads to any oversimplification of the concept. On the contrary, ownership is here conceived of as an internally complex and multifaceted relation. Consider the most typical of modern capitalism form of ownership. Stock ownership has two basic aspects to it. Namely, it could be said that to own shares means to hold them and/or to dispose of them.

Put differently, shareowners benefit from corporate activities in the form of dividends and capital gains. The two relations in question could be described in this context as, first, the relation of direct ownership of the means of production and, second, the relation of indirect ownership of the corporate means of production. Of course, the former relation can be classified as direct only in comparison to capital appreciation and its subsequent realization. From another standpoint, it itself is mediated by the ownership of shares. Thus, the former relation could also be designated as ownership of industrial capital mediated by share ownership and exchange, and the latter as ownership of other people's money capital (or savings) mediated by stock ownership and exchange. In the first case, by means of exchange dividend income is converted into consumer goods and services available in the market, whereas in the second case not only money is turned into goods and services, but the shares are converted into money through the mechanism of the securities markets. In still other terms, a shareowner can benefit from, first, industrial capital as mediated by fictitious capital and, second, from sole fictitious capital.

### 8.3. Ownership of Labour Power

The rent theory of ownership that has been sketched out above is also applicable to labour power. Labour power refers, of course, to all those physical and psychological human attributes that enable one to perform work in general or some specific type of work. That an individual owner of his or her labour power may derive gratuitous benefits from this ownership is shown by the following example: considering the average annual increases in earnings in the USA, Japan, Germany, the UK and Sweden since 1960, in contrast to the idea of increasing wage differentials between countries, a picture emerges of a high degree of wage standardization in manufacturing. The overall differences in wage developments between the countries in 1989–1995 are less than half the figures for 1960–1979, and substantially lower than in the 1980s. To an extent the trend towards wage standardization in manufacturing may be explained by reference to the intensified competition between national economies, even though some countries such as the USA are basically producing their goods for the North American markets.

What seems to be more important is that, as a result of the ongoing process of internalisation and globalisation, wage negotiations in Europe as well as in North America and Asia are increasingly coupled to global wage standards at the level of firms, sectors and nations.

Employers and trade unions use international industrial statistics and trend extrapolations in conjunction with national and local negotiations. Employers as well as trade unions are trying to legitimize their bargaining demands by referring to the situation in other countries. A good illustration of how cross-country comparisons may influence national wage negotiations is provided by the 1999 collective bargaining round in Germany. Employer federations rejected union wage claims based on internationally high wage costs. IG Metall argued that they have a special responsibility as 'trend-setters' in other European countries. The outcome of these negotiations between IG Metall and the German employers has had a clear impact in terms of setting the negotiation standards for smaller economies such as Sweden whose representatives from the LO were even invited as observers to the negotiations between IG Metall and the German Metal Employers in 1999.

In most cases wage standardization of the kind reported above, is a more implicit process. That this kind of standardization may also be formally institutionalized,

which is illustrated by the Belgian 'Law of competitiveness' 1997–1998, enacting a legal wage norm based on average wage increases in France, Germany and the Netherlands. Overall, trade unions seem to have become more active than employer federations in terms of adopting strategies aimed at improving cross-national co-operation in wage bargaining issues. However, it is reasonable to assume that the relative importance of European wage bargaining standards will increase with a view to improving national competitiveness. Similar strategies and attempts to set standards for wage negotiations are also to be found in the USA (cf. The Bureau of National Affairs 1998). At the level of individual employers it seems that a number of multinational companies are trying to work out joint or similar bargaining objectives in their countries of interest.

At the national level we may observe a high degree of synchronization in hourly earnings within industrial production ever since the 1960s. What appeared as relatively large differences in annual wage increases between some highly developed capitalist economies prior to 1989 reveal at once relatively small differences within countries. Thus far, there are no indications of a qualitative break and a restructuring of wages according to pure market criteria. (Hass and Leilulfsrud 2002).

Below a theory of ownership of labour power is laid out, aiming, as it does, at reflecting the circulation of the labour power or otherwise its history from the moment of entering the plant until leaving it.

### 8.3.1. Leasing Universalism and Particularism versus Lumpenownership and Employee Co-ownership

With regard to the first of the possible stages, the theory is interested in what recruitment criteria are used: general principles (e.g., tests based on science) vs. particular criteria: network of contacts, nepotism, corruption, role of characteristics associated with labour power: sex, age, etc. as the basis for negative and positive discrimination. On that basis, one can distinguish universalistic and particularistic labour power. Related to this is the first proposition of the theory submitted here:

**Proposition 1:** the greater the role of universalism in lease relations of the labour power, the smaller the range of lumpenownership relations, worker co-ownership of resources and work time in the enterprise. Universalist – unlike particular – labour is not involved in the relationship of lumpenownership (co-ownership). Here the issue is the use of labour factors for own needs (lumpen-personal property) and/or earnings (lumpen-private one). Lumpenownership is jointly owned by the operators of the means of production, which is not sanctioned by the owner or the

management, unlike the relation sanctioned by the owner of the company – employee co-ownership.

### 8.3.2. Leasing Collectivism and Ownership of Jobs

Going back to the stage of entering the employee to the company, the theory draws attention to what way contracts are entered into: more individual or collective (collective bargaining, the role of trade unions). The greater the role of factors of the second type, the greater the degree of socialization (collectivization) of labour power.

**Proposition 2:** the greater the scope of socialization of labour power, the stronger the ownership of jobs on the part of employees (revealed in, among others, guarantees of employment, conditions of lay-offs – severance, outplacement, etc.).

Explanation is required for the use of – instead of the generally used not only by Marxist economists and sociologists the concept of sale – the lease of the labour power. Marx, underlining that in the case of labour power we are dealing with a commodity, always emphasized that this is a peculiar commodity. And in actuality, the peculiarities of that commodity, related to the fact that it is an inseparable part of human personality is very significant. Any other commodity, for example, a specific consumer merchandise purchased in the store is wholly owned by the purchaser, who may deal with it at will (and, let us add, according to the popular legal notion of property), including for example, destruction, donation, etc.

Meanwhile, there is no such a thing in relation to that labour power which is supposed to be also the object of sales. It can be utilized only in a certain way: consumed by the owner in the process of production of goods or services, or more generally, servicing a given type of work conditions. A capitalist cannot, however, for example, sell his worker or otherwise dispose of him. However, the latter remains the owner of his labour power, which is reflected, among others, in the possibility of its withdrawal – a strike, changes in the workplace. The relationship between the worker and the owner of the conditions of work resembles, in my opinion, the relationship between the owner of the land and the farmer leasing it from the owner who uses the land under cultivation.

### 8.3.3. Horizontal and Vertical Socialization versus Diffuse, Detail and Combined Labour Power

Translating into the socio-economic terms concept of social capital, we can point out that It is about synergies or the so called effects of structure arising thanks to mutual relationships, in which participants of given work processes and production come into – investment-free surplus of effectiveness gained thanks to specialisation, division of labour, proper chains of communication, etc. Related to this is: the definition of the scope of ownership of horizontally socialized labour power (in the work process) included in the relations of developed co-operation (based on the division of labour) and a description of the property relations of vertically socialized labour power (incorporated in the vertical hierarchy of command). The use in this double context of the term ‘socialization is justified by the essential meaning of the term, which is based on the interdependence of given individuals from other people. We are social beings, because our very existence, behaviour and thinking is dependent on the actions and hence the existence of other people.

**Proposition 3:** lower horizontal socialization of the labour power (technical autonomy in the work process) is combined with a smaller vertical socialization (authority autonomy – independent place in the hierarchy of command).

**Proposition 4:** more technologically autonomous labour power is combined with a more diffused (including a multi-faceted practical skills) labour power; more functionally autonomous (technologically) labour power coexists with a combined labour power that is encompassing qualitatively different types of work – for example, apart from the machine operator’s job, a job in providing materials for a work place, cleaning the factory floor, etc.

**Proposition 5:** Poorly socialized horizontally (functionally), although strongly vertically, hierarchically (involved in the processes of simple heterogeneous co-operation) labour implies the labour power in real terms (at the level of practical competence), that includes mono-skills.

Additionally, according to Proposition 5, both the horizontal socialization and vertical socialization are greater in industry than in transport, trade and services. When performing tasks requires the involvement of machines and humans, then the hierarchy increases, because very strict coordination of the work of people and machines is necessary.

In the case of services, as distinct from production of material goods, the hierarchy is significantly reduced because there is no need to control almost every

move. Supervision is, rather, viewing the documents and verifying information to ensure that the work has been done properly; workers have a much greater autonomy both in functional and authority terms.

### 8.3.4. Types of Co-operation

An inherent component of the theory under discussion is the description of co-operation relationships and the division of labour within the plant, which involves: types of the means - tools, machines, automatic machines and objects of work; relations of organic co-operation and heterogeneous Co-operation as conditioned by the characteristics of objects and means of labour. The fact of conditioning of material work by the structure of its means is reflected, among others, in the necessity of a certain number of people to perform a specific job. A single man cannot cope with a huge log; it can only be lifted in a collective effort of a group of people. Employed at such a task therefore enters a certain relationship, called a simple co-operation. Thus, a simple co-operation is a combination of the same type of work for the achievement of a specific result in the work process (production, such as for example while digging ditches, picking potatoes, etc.). Thanks to co-operation there is created a new production force, which exceeds the arithmetic sum of production capacities of individual labour powers. The unification of efforts of a lot of people enables the implementation of actions unattainable for a single man, such as lifting a significant weight, or such that could be done only in a much longer time. A brick will be provided on the third floor of a building under construction by the bricklayers arranged in a chain of 20 much faster than by a single worker running up and down the scaffolding. Collective work also stimulates the spirit of competition, contributing to the intensification of activity and the capacity of individual units. In many types of production and work without the co-operation it could be impossible at all to achieve the desired result or achieve it only partly – for example sheep shearing requires that work starts and finishes at a certain time. Achieving this result in this time hinges on the simultaneous use of many working forces. A grower cannot wait indefinitely to gather fruit from trees, and if he cannot find a certain number of hands in the specified time, he will have to come to terms with the loss of a substantial portion of his crop. Referring to the terminology and category – not necessarily used in the same sense – of Weber, Durkheim and Marx, we can distinguish between simple co-operation (heterogeneous) and simple organic co-operation. Simple heterogeneous co-operation occurs when those working exercise their qualitatively

homogeneous activities independently. Therefore, the same result can be achieved here in whole or in part by an individual labour or by a few individual direct producers engaged in the job not next to each other, but consecutively. Employment of only one worker to lay the parquet in the flat will extend the period of completion of works, but anyway it will be done. However, in the case of simple organic co-operation expected outcome may not occur at all without the simultaneous operation of a number of people. Simple organic co-operation is a necessary condition for the creation of a particular product or useful effect. Time will not compensate for joint collaborative work here. Neither in a minute, nor in an hour will a single worker be able to lift a heavy log, which can be handled easily by 10 people. Simple co-operation may be, however, not only co-operation in space (simultaneous) denoting the simultaneous execution of the same work by a group of individuals working together, but also in time (successive), comprising a sequence of consecutive, equal actions of a number of units. Such a relay, for instance, is the way the Australian aborigines hunt the kangaroo. Members of the group replace one another in the activity of hunting the animal, until it is completely exhausted. If already a simple co-operation creates a social productive force, the greater still production force is created thanks to developed co-operation, i.e., based on the division of labour. It differs from a simple co-operation in which the units perform not the same, but qualitatively different work. In complex co-operation the division of individual operations between various units allows their simultaneous execution, thus shortening the time required to produce the final product, and in many cases, the very production of that product. The difference between these two types of co-operation reflects the distinction – analogous to the above – mentioned one: of heterogeneously developed co-operation (complex) and organic co-operation. Heterogeneous developed co-operation is based on the performance of various technically and directly independent jobs, setting up a certain result. This work could take place simultaneously or consecutively. The first of these cases is called simultaneous co-operation (spatial), the second – successive (temporal). An example of co-operation in space may be the production of watches: the body, clock face, hands, etc. are performed by separate workers, and only then all the parts are assembled together into the finished product. However, co-operation in time indicates that the result of one worker is the starting point of the second; however, these works are carried out independently. Plasterers can start their job only after the walls are erected by the masons. Meanwhile, the complex organic co-operation requires the simultaneous performance of various different but mutually supporting activities. ‘When one person is paddling, the other is steering, the third is casting a net or is harpooning a fish. The fishing yields results that would be

impossible without this co-operation. Developed co-operation or, in other words, combined by distributing the production process into small components effects in the specialisation of workers in performing the same actions, which increases the efficiency of their work. Increased operating efficiency, in turn, reduces the time consumed to perform each operation. Time savings are also created by the elimination of loss of time associated with moving from one operation to another. Relations of co-operation and division of labour are not limited to one type of manual labour associated with handling the principal means of work in order to process the object of labour. The division of labour also takes place between different categories of material workers. The complex relationship of co-operation, mostly heterogeneous, are entered into mostly by workers carrying out the basic production processes and workers carrying out repairs of work resources, as well as workers supporting auxiliary work resources e.g., plumbers, etc. The work of these two categories of workers ensures efficiency and continuity of the functioning of means of production. On the basis of division of labour, activities such as maintaining cleanliness in the premises, administration, and delivery of work resources on individual directly material jobs become independent and are assigned to separate workers. Thanks to this exemption of the executor of directly material work from executing activities of loading and transportation of parts, tools and finished products may be realised, which increases the relative amount of time that he can devote to direct the exercise of his own work. Co-operated jobs require adequate supervision and management. Allocation of tasks scheduled between direct producers, organizing, controlling and coordinating the conduct of their current implementation is a task of a special category of employees (masters, foremen). Managerial and organizational work is also performed by mid-level managers (e.g., heads of departments) and highest level managers (e.g., directors). The division of labour also leads to the separation of functions of development of resources, processes and production methods performed by the staff of scientific and technical background. Relations of co-operation and division of the above-mentioned types of material work are not only between each of these types of work and work directly material, but also between individual types of indirectly material work. Description of co-operation and division of labour within the workplace leads us inevitably outside its framework in the field of supra-plant division of labour. For example: analysing the work of services providing technology and materials, we go inevitably beyond the walls of the undertaking, taking into consideration even the 'external' transport co-operating with it. Co-operation of individual companies includes the relationship of both temporal and spatial character. Just as the division of labour within the enterprise is subject to dismemberment of

the production process into separate stages carried out by different workers, so the process of production of a particular product may be distributed among a number of factories, which carry a certain phases of the process. Co-operation and division of labour on a supra-plant scale includes also relationship between individuals performing directly material and conceptual work (e.g., laboratories and research and development centres belonging and not belonging to the company), managerial work (e.g., holding companies), or the material and technological sale and supply (e.g., wholesale centrals), etc. The appropriate relations of co-operation are also entered into by agents of specific areas of the supra-plant division of indirectly material labour.

### 8.3.5. The Real and the Formal Labour Power

While the analysis of the above types of relationships brings to light many aspects of, called so by sociologists, ‘social capital’ (the quotation marks are pertinent indeed, as the author is very critical of this and other akin constructs) (Tittenbrun 2013a; 2013b); to use another widespread in sociology term, the analysis below touches on the traditional accounting forms of ‘human capital’. It assumes that description:

- 1) qualifications (education, training)
- 2) skills (not formal, certified as having the relevant certificates, but real competences of employees)

### 8.3.6. Detail and Diffuse Labour Power

This piece of analysis is used to distinguish types of ownership of the labour power located along a continuum: detail-diffuse or comprehensive. The holder of detail, in terms of Talcott Parsons, functionally specific in contrast to the diffuse labour power is characterized by the fact that he performs only a part of the activities and operations necessary for the formation of the final product. In this situation are the majority of modern industry workers. As Marx writes in his opus magnum: ‘The implements of labour, in the form of machinery, necessitate the substitution of natural forces for human force, and the conscious application of science, instead of rule of thumb. In Manufacture, the organisation of the social labour-process is purely subjective; it is a combination of detail labourers; in its machinery system, modern industry has a productive organism that is purely objective, in which the labourer becomes a mere appendage to an already existing material condition of production. In simple co-operation, and even in that founded on division of labour, the suppression

of the isolated, by the collective, workman still appears to be more or less accidental. Machinery, with a few exceptions ... operates only by means of associated labour or labour in common. Hence the co-operative character of the labour-process is, in the latter case, a technical necessity dictated by the instrument of labour itself. In other words, "the product is converted from direct product of the individual producer into social product of a combined worker, i.e. combined production personnel... work turned into a series of individual operations in a number of social activities, and products from the products of individuals have transformed into products of society. Yarn, textiles, metal products, coming now from the factory is a joint product of many workers, through whose hands it had successively pass before it became final products. No one man can say of them: I did it, it's my product<sup>3</sup>... "In a manufacture and crafts a worker uses a tool used in factory a machine. There, he set in motion the means of production; here he must follow their movement". By contrast, craft work, to use but one example, implies a diffuse labour power-being able to perform all the different technical activities and actions that are necessary to achieve the final outcome of this type of work' (Marx 1967).

### 8.3.7. Combined Labour Power

It is fair to say that the purported advantages attributed to both the concept of social capital and that of human capital pertain to the category of combined labour power, that is to say, one that apart from a range of skills required for the core activity involves also some other skills underlying certain non-core activities included in a given job, e.g., production plus equipment maintenance.

At that juncture, one may additionally point to the fact of characteristic of many workers functioning as members of socialized labour relations. If a worker functions in practice in the work process only as part of the collective, diffuse workforce, that fact implies that his or her labour power becomes to an extent socialised or, more precisely, collectivised. Another form of collective ownership of the labour power of industrial workers their collective forms of remuneration, such as a brigade or team. As the fundamental unit of distribution, here is a definite work collective and only secondarily, indirectly individual workers. The dependence of wages, i.e., an economic

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<sup>3</sup> Cf. A version of this statement included in 'Grundrisse': 'the product ceases to be the product of isolated direct labour, and the combination of social activity appears, rather, as the producer. As soon as the division of labour is developed, almost every piece of work done by a single individual is a part of a whole, having no value or utility of itself. There is nothing on which the labourer can seize: this is my produce, this I will keep to myself' (Marx 1939a).

form of realisation of ownership of one's labour power upon some broader group's performance may relate to the results of work of the brigade, division, and the whole plant, or take the form of solutions at the branch level etc. Other types of work are characterized by lower degree of concentration of work resources than the industry, greater autonomy of the individual work process and its reduced dependence on the work of the work collective.

### 8.3.8. Operationally Particularistic and Universalist Labour Power

Another axis of the analysis of ownership of the labour power juxtaposes the operationally particularistic ownership with the universalistic, based on a formal basis one. At one extreme is a situation that can be described through the saying: do what the procedure requires, on the other – 'do what you want', just to reach the desired effect.

### 8.3.9. Labour Power Receiving Achievement-based and Labour Power Obtaining Ascription-based Salary

**Proposition 6:** In terms of remuneration, the higher the practical skills (related to the real, as opposed to formal, property in the labour power, the more often it coincides with achievement-based, as opposed to ascriptive labour power. From the formal (manifested by certifying qualifications) we should distinguish viable labour power that manifests itself through practical skills.

Systems of remuneration of individual categories of employees can be attributed to two major types leading to a separation of two related types of ownership of the labour power: achievement-based (remuneration dependent on performance), ascriptive (salary based on the characteristics of the labour power, such as qualifications, work experience, etc.<sup>4</sup>

**Proposition 7:** The higher the formal qualifications of the labour power, the more often it coincides with the ascription-based compensation.

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<sup>4</sup> As age and sex or gender are also such ascribed characteristics of one's labour power, this immediately shows the relevance of our framework to an analysis of workplace discrimination.

### 8.3.10. Collectivity-based Wage of the Labour Power and Ascriptive Labour Power

**Proposition 8:** The weaker socialization of the labour power (colloquially: unionisation), the rarer Proposition 7 is fulfilled.

### 8.3.11. Instrumentally Particularistic Labour Power

**Proposition 9:** In the firm context, instrumentally particularistic labour power, characterised by interpersonal, communicative skills pertains to office employees, and other departments that are in contact with the external environment. The description 'instrumental' used in this context comes from Parsons formulated opposition between the consumption action (expressive) oriented to the inside of the system and instrumental: facing out of the system.

### 8.3.12. Ownership of Labour Power and Labour Market

**Proposition 10:** All other things being equal, the more complex (with multi-faceted skills), and on the other hand, simpler labour power, the easier it is employed in the labour market. It is the hardest thing to find a job for the employees with an average level of competence.

In turn, **Proposition 11** holds that the ascriptive labour power is less prone to occupational moves than its alternative-as far as the mode of pay is concerned-achievement-based labour power, whose compensation is dependent primarily on effects, or performance, as distinct from the former type whose remuneration is based primarily on characteristics of labour power such as seniority, qualifications, etc.

### 8.3.13. Theory of Ownership of the Labour Power and the Conventional Theory of the Firm

The set of propositions presented above leads to conclusions that call into question the dominant not only in the so-called 'mainstream economics company image', and thus a paradigm of thought on which the majority of sciences involved in one way or another in economy rest.

As the intellectual basis for this paradigm one should consider the theory of rational choice derived from liberal political philosophy and the doctrine of

utilitarianism, which is the core method used by neoclassical economics. It assumes that people (operators, homo economicus) make such a choice, from among the available alternatives, which will allow them to maximize their benefit (utility, satisfaction).

Although it is based on methodological individualism (concentration on an individual), thus, excluding the possibility of collective action taken under the influence of social environment, it is not a theory, however, applied only to analyse the behaviour of individuals. It is transmitted to the debate about the companies and countries. Moreover, it is also used in other social sciences.

This applies also to sociologists, from whom relatively largest percentage of critics of this paradigm otherwise comes. On the other hand, it is sociology, classic sociology that has contributed significantly to the preservation of essential conditions for this one-sided, in the categories of the theory of property introduced here – universalist concept of the company. The reader may be forgiven for being surprised that even Karl Marx should be counted among this group with his concept of capitalist enterprise as a machine for the production of surplus value and its accompanying assumption that – when torn from the context of the interpretation – may well reinforce an idealized (in a methodological, as distinct from evaluative, sense) character of the recognition of the relationships involved, according to which, as the author declares in the preface to the 'Capital': 'I paint the capitalist and the landlord in no sense *couleur de rose* (i.e., seen through rose-tainted glasses). But here individuals are dealt with only in so far as they are the personifications of economic categories, embodiments of particular class-relations and class-interests. My standpoint, from which the evolution of the economic formation of society is viewed as a process of natural history, can less than any other make the individual responsible for relations whose creature he socially remains, however much he may subjectively raise himself above them' (Marx 1967).

In a similar vein, Max Weber considered 'rational enterprise, division of labour and fixed capital' to be the basis of modern capitalism. Features of this enterprise as a rational organization is best expressed by a model comprised of the following elements: a clearly defined division of labour where each position has a fixed range of responsibility. Secondly, the norms governing the behaviour within the scope of a given position, and the relationships between positions are bright and clear, and formulated in writing. Thirdly, various positions are arranged hierarchically, with those higher controlling and managing those that take lower places. Fourthly, the people occupying the positions perform their assigned roles in an emotionally neutral and impassive way, suppressing all their emotions and passions. Fifthly, the people are assigned individual positions because of their professional competence,

not for personal reasons. Sixthly, the positions and offices are not the property of the people involved in them, but the larger organization. And seventhly, career lies in the fact that individual people climb up the hierarchy through a combination of these features, such as the qualifications and achievements, as well as seniority.

It has been pointed out that perhaps the best example of formal rationality in Weber's thought is found in his theory of modern bureaucracy. For Weber, bureaucracy is characterized by increasing formalization, technical efficiency and specialized technical expertise. When fully developed, it is dominated by pervasive impersonality, without hatred or passion, increasingly resistant to substantive moralizing about compassion, fraternity, equality or *caritas*. Formal rationality is increasingly characterized by abstraction, impersonality and quantification, even to the extent of 'quantifying even the unquantifiable' Weber argued that bureaucracy develops the more perfectly, the more it is 'dehumanized', the more completely it succeeds in eliminating from official business love, hatred, and all purely personal, irrational, and emotional elements which escape calculation (Elliott 1998). Meanwhile, our research has shown the inalienable presence in enterprises of numerous elements of an alternative to that rationalist universalism particularistic model of socio-economic relations, starting from the recruitment stage, where the existence of several deviations from Weber's model of selection was observed according to ability and readiness to benefit through a variety of relationships within the company, including the diverse nature (as opposed to optimal performance-based) of the pay system, and the widespread lumpenownership of the labour power, resources and working time, which is left out, or at best marginalised by orthodox economics. Any treatment of such relationships as only the pathological deviations from the major reality and in accordance with the ideal model is becoming increasingly untenable in the face of empirical facts.

At the end of fiscal year 2011, 726 corporate fraud cases were being pursued by FBI field offices throughout the United States, several of which involved losses to public investors that individually exceed \$1 billion. Corporate fraud investigations involve the following activities:

- Falsification of financial information of public and private corporations, including:
  - False accounting entries and/or misrepresentations of financial condition;
- Fraudulent trades designed to inflate profit or hide losses;
- Illicit transactions designed to evade regulatory oversight.

Self-dealing by corporate insiders, including:

Insider trading – trading based on material, non-public information – including, but not limited to:

Corporate insiders leaking proprietary information;

- Attorneys involved in merger and acquisition negotiations leaking info;
- Matchmaking firms facilitating information leaks;
- Traders profiting or avoiding losses through trading;
- Payoffs or bribes in exchange for leaked information.
- Kickbacks;
- Misuse of corporate property for personal gain;
- Individual tax violations related to self-dealing (FBI 2011).

Equally, or even more relevant (because more widespread among the rank-and-file employees) to our purposes are cases of misappropriation of time, known as goldbricking. 'international statistics suggest that the average time of empty labour per employee, i.e., private activities on the job is between 1.5 to 3 hours a day' (Paulsen 2013). According to the employment industry, so-called cyber slacking – surfing the Web while one should be working – is a huge, multibillion-dollar problem. A survey conducted in 2012 by Salary.com found that every day, at least 64 percent of employees visit websites that have nothing to do with their work. While most people only admitted to doing this for about an hour per week, it adds up, supposedly, social media alone costs U.S. employers \$650 billion every year in lost productivity. That is \$4452 per employee, according to an infographic published in June, 2012 by Mashable and Learn Stuff. It is not just the Web surfing, according to experts. It is the transition between tasks. If one takes a few minutes to check Facebook, it might take one twice as long to get back into one's work (Platt 2012).

While the aforementioned data are useful insofar as they call attention to the relevance of the issue, they probably are exaggerated, due to their one-sidedness. 'no one can get through a whole workday without taking a break. A little cyber loafing amounts to blowing off steam. A study conducted in 2011 by researchers at the National University of Singapore, found that mindlessly surfing the Web refreshed workers and made them more productive, even more than chatting with friends or co-workers did. The Web surfing provided what the researchers characterized as 'an instant recovery' and gave them the energy to get back to work. 'When you're stressed at work and feel frustrated, go cyber loaf', said researcher Don J.Q.Chen. 'Go on the 'Net. After your break, you come back to work refreshed'. Most recently, a new study out of Hiroshima University in Japan, published in the journal PLOS One, found that looking at cute pictures of baby animals actually served to increase concentration. Full-grown animals did not do the trick: the cuter the animals in the photos, the better the test subjects fared at tests that required concentration and focus. The researchers write that in the future 'cute objects may be used as an

emotion elicitor to induce careful behavioural tendencies in specific situations, such as driving and office work'. Are employers listening to any of these studies? Maybe; The Salary.com survey suggests rebranding the phrase 'wasting time' and just making sure that employees can take short breaks. In the process, they may just increase their productivity (Platt 2012). To substitute one bias for another is hardly a reasonable option; one may wonder how many employees look at kittens compared to those looking at bunny girls. It would be an exaggeration to say that the propositions listed above bring a radically new understanding of reality; at least some of this knowledge is already in the field of social sciences, but not in a form of a structured set of interrelated concepts and theorems. For example, it is noted that 'people usually find a way to make even in the bureaucratic structures life more bearable and enjoyable' (Maryanski, Turner 1992).

Sociologists know that 'bureaucracies do not always operate in a precise, formal and impersonal manner. Between members of the organization often personal relationships are formed, which leads sometimes to the use channels other than formal authority. The rules are sometimes bent and even broken. Informal ways of taking action can alleviate the existing formal machinery. The files are never fully complete. The formal structure of the organization is only an outline, a general frame that provides structure for actions of employees. In their daily activities members of the organization try to act in order to – in their view – discharge their duties, many attempt to do so in the easiest way. Sometimes, personal goals make members of the organization behave differently than required by the rules and regulations. It happens that relatives and friends of employees use personal relationships, the importance of which cannot be ignored, and demand such actions, which are not allowed by the formal structure of the organization. In short, people adapt to the situation in spite of the formal requirements of their work – to give the bureaucracy a 'human face' (Goodman 1980).

Similarly, 'according to symbolic interaction theory, people form social bonds, even when they are imposed significant bureaucratic restrictions, because they are not robots or small cogs in a cold, impersonal bureaucratic machine; they form social bonds in parallel, and often in spite of the formal structures of the position rules and authority. This process of producing more personal and informal ties is often called the informal system (Roethlisberger, Dickson 1939).

Sometimes, the system works for the benefit of the organization, as in the case where employees avoid uncomfortable regulations that inhibit productivity. At other times on the other hand, it impedes the functioning of the organization in that it

establishes a network of informal links that distract people from work. For example, sometimes we probably met people in some organizations that were so busy chatting or gossiping, that they neglected duties, but just as often we met employees who used their informal networks to help us break through the coral red tape.

The structure of the organization is so much more than a set of positions and sources of power. This formal structure is overlapped by informal relationships that complement, and sometimes even replace the formal system of positions, norms and authority' (Perrow 2002).

## Conclusion

Let us sum up the main points of the paper. It lays out a determinate conception of the economy, with work as its basic building block. It systematises the field of work within a definite typology. The achievements of the latter lie, among others, in pointing to the economic nature of lumpenwork and many varieties of quasi-work, and by the same token housework. Furthermore, the relationship between the notion of labour and the theory of ownership (incl. ownership of labour power), and the differences between the latter and the jurisprudential notion of property have been highlighted. Our epistemological underlying perspective (a methodological one) in the strict sense of the word should be termed 'dialectical realism'. The role of dialectics is manifested especially in our stressing of contradiction as an analytical category forming, an intrinsic component of the concept of structure. The other side of this ontological coin is epistemological in nature, in the form of stressing the role of contradiction as an explanatory variable, notably accounting for change. It is also in dialectical terms that the cognitive relation is treated, which underscores the distinction between the said position and naive realism. In what ways the notion of dialectical realism is similar to, or distinct from that of critical realism, goes beyond the confines of the present study. The use of 'realism' is at the same time our reason why, for example, the term 'materialism' has not been chosen. From our standpoint, it is precisely our terminological choice, and not materialism as such, that is referred to in this account by Engels: 'The basic premise of materialism is that there is an objective world which exists independently of and predates human beings, human ideas and consciousness'.

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