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## Conclusions

At the most general level, the results of this study clearly show that class, defined in terms of social relations of production, plays an important role in income determination in American society. Not only are class positions characterized by very different levels of income, but class positions have a strong and consistent impact on the ways in which various other factors, such as education, affect income. In this sense one can say that position within the social relations of production structurally *mediates* income determination in capitalist society.

A number of other, more specific generalizations can be drawn from the results.

1. *The division between property-drawing and non-property-owning classes remains substantial even in advanced capitalism.* It may seem ironic that in a Marxist study of the relationship of income in-

equality to class relations, there has been virtually no empirical analysis of the principal class antagonism within capitalist society: the capital-labor relationship. Although we have been able to analyze in some detail the contradictory class position between the petty bourgeoisie and the capitalist class (small employers), we have not been able to analyze proper capitalists. And we certainly have not touched on anything that could legitimately be called the "ruling class" within advanced capitalist society. Ultimately it is important to investigate income determination in the capitalist class itself, but this is simply impossible using survey data.

Nevertheless, in spite of the partial nature of the analysis of property relations, the results clearly demonstrate that even small property ownership is consequential. The mean income of small employers is over twice that of workers and remains large even when we control for education, age, background, seniority, status, and annual hours worked. Furthermore, the income gap between employers and workers is much greater than between workers and managers, or between race and sex categories within the working class.

Income, of course, is only one of the ways of empirically demonstrating the reality of class divisions. If data were available, it would be easy to demonstrate that classes, defined by social relations of production, are even more decisively differentiated in terms of wealth and political power. Real economic control over the means of production—property ownership in the substantive rather than juridical sense—remains the essential basis of distributive relations, and any investigation of inequality needs to take these relations of production into systematic consideration.

For over a generation theorists of the postindustrial society and the managerial revolution have argued that authority and/or knowledge stratification has superseded property stratification as the organizing principle of inequality in contemporary society. Our results indicate that even when a simple juridical criterion is used to define property relations (self-employed employers), and even when the sample necessarily excludes the wealthiest segments of the capitalist class, the division between those who own property and those who do not is substantial, and that it is considerably greater than the differences between "knowledge classes" or "authority classes."<sup>1</sup>

2. *The impact of class position on income cannot be considered simply an artifact of various characteristics of the individuals who*

<sup>1</sup>Even if, by chance, a member of the ruling class fell into the sample and agreed to cooperate with the survey, the truncation of the income variables at \$99,999 would grossly understate the income differences between the capitalist class proper and the working class.

occupy class positions. Throughout this study, class positions have been viewed as "empty places" in the social structure. The link between class position and income has thus been conceptualized as a consequence of the structure of class relations as such, rather than of the attributes of the individuals filling the class positions.

The results of the empirical investigation support this view of the relationship between social relations of production and income. Class continues to add to the explained variance in individual-level income equations even when social background, education, age, status, and other characteristics of individuals are already controlled for in a regression equation. And the income gaps between classes, especially between small employers and either workers or managers, do not disappear even when all of these individual attributes are held constant.

Of particular interest in these results is the relationship of class position to occupational status. Occupational status—or some closely related metric of occupational position—has dominated the quantitative sociological research on income inequality. The general argument is that in industrial societies incomes are primarily attached to occupational positions. For those who hold this view, the key social processes to unravel are the mechanisms which determine, first, how people achieve given occupational positions (the status attainment process) and secondly, how such positions are translated into income.

The data in this study do not indicate that occupational position is unimportant for understanding income inequality. Both because occupation reflects positions within the labor market and because occupational status is a basic dimension of ideological relations, occupational position is bound up with income inequality. What the results do indicate is that in strictly empiricist terms, class position is at least as powerful an explanatory variable in predicting income as occupational status. What is more, net of various factors such as education or background, class generally explains about twice as much variance in income as occupational status.<sup>2</sup> Class cannot simply be viewed as a loose proxy for occupational status. It represents one of the basic structural factors in the income determination process.

<sup>2</sup>It must be remembered that in these various empirical comparisons of class and occupational status, a rather crude measure of class is used (three dummy variables, one for workers, one for managers, and one for small employers). No indicator of position within the manager hierarchy was available other than the distinction between mere supervisors and proper managers. Perhaps even more significantly, the contradictory class position between the petty bourgeoisie and the working class (semiautonomous employees) was merged with the working class throughout the empirical investigation. It would be expected that the ability of social relations of production to explain variance in income would be considerably enhanced if data were available containing a more complete set of class criteria.

3. *The concept of contradictory locations within class relations is important for understanding the link between production relations and exchange relations within a class analysis.* Class relations in advanced capitalist society do not correspond to the simple, dichotomous view of classes and class struggle. While it is still true that the fundamental antagonism between the working class and the bourgeoisie determines the contours of the entire class structure, contradictory positions within class relations play an important role in advanced capitalist society.

In the present study we have paid particular attention to managers and supervisors, the contradictory class locations between the working class and the bourgeoisie. The results discussed in chapters 6 and 7 indicate that the character of this contradictory location at the level of *production relations* has specific consequences at the level of *exchange relations*, namely that (a) income increases sharply as you move up the managerial hierarchy; and (b) the income returns to education are much greater among managers than among workers.

These patterns were interpreted as reflecting the special problems of social control of managerial labor. To recapitulate the argument briefly: because of their contradictory location between the working class and the capitalist class at the level of production relations, managers have varying degrees of real responsibility and power within the production process. This does not imply that such power is unconstrained by the bourgeoisie itself (indeed, if it were unconstrained managers would not occupy contradictory locations), but it does mean that it becomes particularly important to the capitalist for managers to behave in responsible ways. Whereas for workers conformity to the rules is the basic behavioral norm, much more than mere conformity is needed from managers. The result is that managerial behavior is controlled more through an elaborate structure of inducements than through repression. In particular, there will tend to be a steep income gradient attached to career ladders among managers, i.e., to levels in the managerial hierarchy. For a variety of other reasons there will also tend to be a steep education-credential gradient attached to the managerial hierarchy (because of the training and socialization associated with education, the use of credentials as a filtering mechanism, and the need to legitimate the hierarchical organization of power within production). The net result of these interrelated education and income gradients within the managerial hierarchy is that managers receive much greater increases in income for each additional increment in education than do workers (i.e., they receive greater returns to education).

"Greater returns to education" has a particular meaning within Marxist theory. If the value of labor power is understood as containing a component reflecting the historical costs of reproducing labor power of average skills, and a second component reflecting the socially necessary costs of reproducing additional skills, then the greater returns to education among managers relative to workers reflect a systematic tendency for their wages to be above the value of their labor power. Managers thus receive an income privilege component in their wage, a component which lowers their rate of exploitation and sets them off from the working class at the level of exchange relations.<sup>3</sup>

In more general theoretical terms, these results indicate the importance of carefully investigating production relations in any analysis of exchange relations (i.e., distribution). This is, of course, obvious for comparisons between the working class and the capitalist class. The traditional Marxist analysis of exploitation is precisely an effort to link production relations to exchange. Our analysis of contradictory locations within class relations suggests that the logic of production relations is important for understanding not only income distribution between capitalists and workers but income inequality among non-property-owning classes as well.

4. *The effects of race and sex on income inequality are clearly mediated by class position.* Few issues have generated more debate within the American Left during the past decade than the question of how racism and sexual discrimination should be understood within American capitalism. And few problems have received more attention by academic sociologists engaged in stratification research than racial discrimination. (Sexual discrimination has only recently become an object of general interest among sociologists.) The results of our analysis of the interactions between class and race and between class and sex have something to say to both of these sets of issues.

For the academic sociologist, the results demonstrate that class position plays an important role in structuring the relationship between racial and sexual discrimination and income inequality. In par-

<sup>3</sup>As has been reiterated several times, the argument that managers receive a wage above the value of their labor power—the reproductive costs of managerial skills—has nothing to do with the argument that they are paid (or not paid) a wage above their "marginal productivity." There is a tautological sense in which employers would not pay managers what they pay them unless they felt that it was in some sense "profitable," that is, in some sense the marginal cost to the capitalist of paying such a wage to the manager is at least equal to the benefit the capitalist receives. But this is simply a definition of minimally rational resource allocation; it has nothing to do with exploitation in the Marxist sense and the concept of the value of labor power. The value of labor power is an objective concept referring to the costs of producing a particular kind of commodity,

ticular, the income returns to education for black and white workers and for male and female workers are virtually identical, whereas the returns for all whites are much greater than for all blacks, and the returns for all men are much greater than the returns for all women. This suggests that a large part of racial and sexual discrimination operates by concentrating blacks and women within the working class and the bottom levels of the managerial category.

For Marxists, the results affirm the basic class unity among workers regardless of race and sex. The differences between workers and either managers or employers are much greater than the differences between races or sexes within the working class even on so narrow an issue as income. This is especially dramatic for returns to education. While workers of all race-sex categories have similar returns to education, the returns for workers as a whole are much less than for managers and supervisors or for small employers. This commonality of returns to education within the working class, regardless of race or sex, reflects a common underlying structure of causation which impinges on all workers simply because of their position within the social relations of production. As has been stressed in chapters 8 and 9, this does not imply that racial and sexual discrimination are insignificant social realities, but it does support the view that the starting point for understanding both of them should be an analysis of class relations and the articulation of race and sex with class position.

These diverse results do not in and of themselves prove the superiority of the Marxist view of social inequality over other perspectives. It would undoubtedly be possible, without a great deal of mental gymnastics, to reinterpret most of the results in terms of the logic of human capital theory in economics or the assumptions of status attainment research in sociology. But of course, it would be also possible, after the fact, to construct human capital and status attainment interpretations of the exact opposite results if they had occurred.

Concrete empirical results never decisively prove or disprove paradigms, since any respectable theoretical paradigm is always capable of ad hoc amendment to accommodate virtually any unexpected findings. What we can say, however, is that the various hypotheses explored in this study flow naturally from our analysis of social rela-

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labor power. It is not a subjective concept referring to how "valuable" such labor power is to the individual capitalist. Obviously there is an indirect relationship between these two concepts, for if labor power were not valuable to the capitalist, he would refuse to pay a price equal to the value of that labor power for its use. But this does not imply that the valuableness and the value of labor power are equivalent concepts.

tions of production in advanced capitalism, and that most of the results were anticipated by the logic of that analysis. Conventional sociological and economic studies of income determination have been totally silent on the relationship between social relations of production and social relations of exchange. Their preoccupation with the individual level of analysis would suggest that even if they were to treat social relations of production seriously, it would be as an additional variable in the lives of individuals, not as dimensions of class structures worthy of study in their own right. Marxist theory provides a basis for the systematic theoretical examination of levels of determination beyond the motivations and actions of individuals, for questions about classes and social structures. The empirical results of this study have, I hope, also demonstrated that Marxist theory provides a powerful framework for answering those questions.

All empirical studies are ultimately preliminary investigations for future research. This study of class mediations of income inequality certainly warrants such a designation. Several lines of future research are suggested by the investigations of the present study.

1. *The development of more refined indicators of class relations.* This entire study of class and income was based on extremely crude measures of class location. The contradictory location between the proletariat and the bourgeoisie was defined by two questions, both of which were exclusively focused on the authority dimension of class relations: Do you supervise anyone on the job, and do you have any say in their pay or promotions? The contradictory location between the proletariat and the petty bourgeoisie, on the other hand, was impossible to operationalize at all, and thus had to be merged with the working class throughout the research.

If the study of class mediations is to advance, it is essential to develop more sophisticated measures of class. The manager and supervisor class location should be defined primarily in terms of the real capacity to make decisions over investments and accumulation, the use of the productive apparatus, and the control of labor within production. And within each of these dimensions of control, it is essential to define more precisely the interlocking domains and levels of control. This would make it possible to define more substantively the actual position of managers within the broad contradictory location within class relations, and to specify managerial positions which properly belong within the bourgeoisie itself.

The semiautonomous employee category is in even more need of specification and operationalization. This is a difficult problem and

will require considerable theoretical discussion as well as empirical investigation. Exactly what does it mean to have some degree of real control over one's immediate labor process? How can real and nominal control be distinguished? Does the meaning of "autonomy" vary from one production process to another? If the analysis of proletarianization is to go beyond global statements about the destruction of the traditional petty bourgeoisie and the dequalification of labor power, then these and other questions need to be rigorously examined, and answered.

2. *The historical investigation of contradictory class locations.* One of the most serious limitations of the present research was the essentially static character of the data employed. In chapter 3 we argued that one of the critical thrusts of Marxist theory is the investigation of the historical processes through which social structures are transformed, especially through class struggles. Although the analysis of more or less static relations of reproduction plays a part in such an historical investigation of transformation, the heart of Marxist theory is the investigation of transformation itself.

In order to study such transformations empirically it is essential to have meaningful data on class relations over time. This is a difficult problem, since the most plentiful sources of historical data—census reports—are usually inadequate for estimating class distributions. Census data are typically gathered in terms of occupational categories rather than social relations of production, and thus can provide only the crudest basis for studying the transformations of class structures. Of course, we can easily determine how the formal, juridical categories of class have changed (percentage of people self-employed, engaged in wage labor, or working for the state, for example), but it is much more difficult to see how positions within the social relations of production have actually changed. Perhaps the most effective approach would be to gather extremely detailed work histories from people in different age cohorts in which questions on class relations were carefully asked. These data, when combined with census occupational data to correct for differential mortality rates of people within different classes, could then be used to reconstruct the structure of empty places within the social relations of production at different points of time in the past.

3. *The comparative study of class structures and class relations.* The present research is not only limited in time, it is limited in space. The income determination process discussed in this book is not simply mediated by positions within the class structure; the entire process is also mediated by the class structure itself. Being a worker or being a manager will have different consequences for the income determina-

tion process, depending upon the shape of the class structure within which that working-class position is located. A fully elaborated Marxist theory of income determination would involve an account of the ways in which social structures mediate the very mediations of classes within that structure. This higher-order mediation is illustrated in Figure 10.1.

Such mediations of mediations can be studied on a comparative basis. It is necessary to isolate distinctively different types of class structures within capitalist societies, and investigate how the income determination processes differ across such structures. The most obvious lines of demarcation within such a typology of overall class structures would be between the imperialist centers and the dependent periphery of the capitalist world system. The income determination process will obviously work in very different ways in these different kinds of capitalist societies. To mention just one issue, peripheral societies still have large precapitalist sectors, and many workers retain real links to various forms of subsistence production (i.e., production for direct consumption rather than for the market). The income determination process for workers in such a situation is conditioned not only by their relation to capital, but by their relation to these noncapitalist forms of production. In contrast, very few workers in central capitalist societies are tied to such noncapitalist forms of production.

It would also be anticipated that the income determination process would operate in very different ways in those advanced capitalist societies in which there is a fully developed welfare state apparatus than it does in those with a more restricted state. The fact that income distribution varies so substantially across advanced capitalist countries would support this expectation. Wiles (1974), in an extremely interesting study, has shown that if we examine posttax, posttransfer income—i.e., the net real income available to individuals—there is an

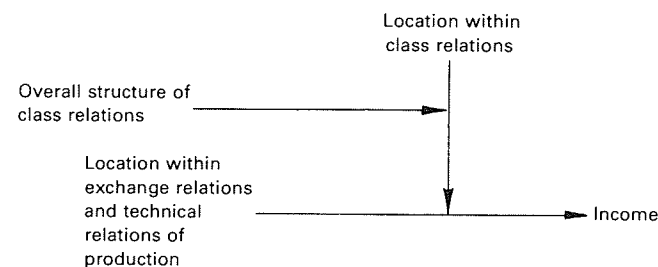


Figure 10.1. Model of determination of macro- and micromediators within the income determination process.

enormous range in the degree of inequality in advanced capitalist societies. For example, the "semidecile ratio" (the ratio of the net income of people at the top 5% of the income distribution with the net income of people at the bottom 5%) for the United States in 1968 was about 13:1. That is, the net real income of people at the 95th centile was 13 times greater than the net real income of people at the 5th centile. In Britain, in 1969, the figure was 6:1 and in Sweden, 3:1 (Wiles, 1974, pp. 48; xiv). These distributions, of course, are for the entire population. There is no discussion of the income distribution between or within classes defined by the social relations of production. Nevertheless, such data strongly suggest that the class mediations of the income determination process are likely to vary significantly across these societies. The critical next step in developing the Marxist theory of income determination is to elaborate an explicit theory of these societal-level mediations of the class mediations within the income determination process.

4. *The analysis of how people are sorted into class locations.* Although the analysis of empty places in the social structure has priority over the analysis of the people within those positions, nevertheless it is important to understand the mechanisms by which people are distributed into class locations. Bertaux (1977) has suggested that such an investigation be termed "anthroponomy," the process of the production and distribution of people. The theoretical and empirical problem, then, is to understand the anthroponomic practices which are specific to given classes. Just as class location mediates the income determination process, it would be expected that class location would decisively mediate the anthroponomic practices by which people are distributed into classes.

Of particular interest in the study of the processes by which people are sorted into classes would be the investigation of the movement of people back and forth across various class boundaries, especially across the boundary between the working class and the traditional petty bourgeoisie. Too often Marxists portray the fate of the petty bourgeoisie as a one-way process of proletarianization. While it is undoubtedly true that there has been a progressive reduction of petty bourgeois places within the social relations of production, it is much less true that the movement of individuals is strictly in one direction. On the contrary, there is much anecdotal evidence that many working-class people at some point in their work lives at least attempt to set themselves up as independent, self-employed petty bourgeois (typically as small retail store owners). While such attempts generally fail, this movement in and out of petty bourgeois class locations (or what might be termed the "circulation of the petty bourgeoisie") has extremely important ramifi-

cations at the political and ideological levels, especially for legitimating the "free enterprise" system.

5. *The analysis of the relationship between class structure and the forms of organization of capitalist production.* Throughout most of this study we have treated the social organization of capitalist production as a single, homogeneous reality, but in fact, it displays decisive variations. In part these are rooted in different phases or stages of capitalist development (competitive capital vs. monopoly capitalism, for example), but in part they also reflect persistent differences in the forms of capitalism within advanced capitalism. In contemporary American capitalism, it would be important to distinguish at least among the following forms of organization of production: individually run competitive capital; franchise capital (and other forms of competitive enterprises which are directly dependent on monopoly capital); monopoly capital; and state-organized production. Although the fundamental social relations of production may remain the same in all of these, there are clearly important differences, especially in terms of the contradictory class locations we have emphasized. A top manager in a monopoly corporation, for example, is clearly in a different empty place within class relations from a top manager in a small competitive firm. To be a semiautonomous employee in a state bureaucracy may represent a quite different position from a semiautonomous class location within a small firm. A fully developed class analysis of income determination would look at the interactions between class location and the specific organization of production within which those positions were embedded, rather than simply at the direct ways in which class mediates income determination.

6. *The analysis of the family and class relations.* As briefly suggested in chapter 9, families can be thought of as occupying locations within the social relations of reproduction. The present study has been mainly concerned with exploring the relationship between social relations of production and social relations of exchange. It is also clearly important to investigate the relationship between social relations of production and reproduction and between social relations of reproduction and exchange. Such an investigation would necessarily revolve around the analysis of families and their role in income determination. This would be particularly important for the analysis of interactions between sex and class, but it is important for the general analysis of class relations as well.

The investigation of the role of the family in income determination would involve questions such as: What is the relationship between use-value production within the family and income determination through exchange relations? In what ways does this relationship be-

tween use-value and exchange-value sources of consumption vary across classes, across capitalist societies, across stages of the development of capitalism? What is the relationship between use-value production within the family and the role of women in the market, and how does this vary with class location and stage of capitalist development? How do the social relations of production structure the social relations of reproduction? If a Marxist analysis is to adequately comprehend the specificities of the relationship between sexual oppression and class relations, these and other questions need to be addressed.

7. *The extension of the analysis of structural mediations beyond the study of income determination.* The general strategy of analysis advanced in this study can be applied to a much broader range of questions than simply income. Class does not merely mediate the income determination process, it also mediates the processes of consciousness formation and political action. A very simple model of determination of class consciousness, for example, could be represented as in Figure 10.2. In this model, an attempt is made to link the micro and macro processes of determination. At the microlevel, the class location of individuals is seen as mediating the relationship between various individual characteristics and that individual's consciousness as well as establishing the basic limits within which that consciousness can vary. This entire microprocess, however, is mediated by the overall class structure. Being a worker in a class structure with few workers has decisively different consequences for consciousness than being a worker in a class structure with many workers.

The ways in which the macro class structure mediates these microprocesses, however, is itself structured by the historically specific forms of class struggle that occur within that class structure. These forms of class struggle occur within limits established by the underlying class structure, but within those limits the specific forms of struggle are shaped (selected) by the microprocesses of consciousness formation. Finally—and ultimately this is why the model of determination is a dialectical, dynamic model—the forms of class struggle contribute to the transformation of the class structure itself. It is for this reason that the system can never be in purely static equilibrium; the very conditions for the overall structure of determination are themselves transformed in the process of that determination.

The model in Figure 10.2 is not meant to be comprehensive. Many other structural elements and processes would need to be added in a fully developed theory of consciousness (for instance, the forms of the state and politics; the structure of ideological relations; the relationship

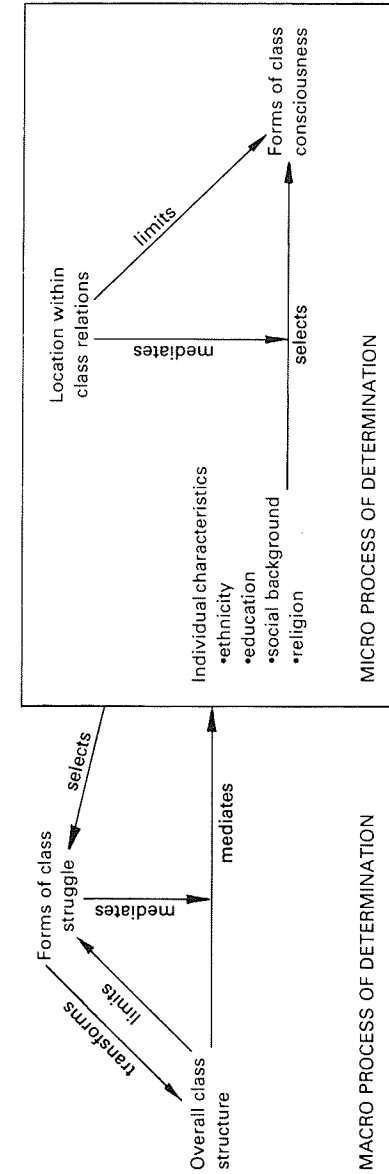


Figure 10.2. Model of determination of class consciousness.

between class struggles and nonclass struggles). The essential point in the present context is that such processes can be represented in this kind of formal model, and such formal models can facilitate systematic empirical investigation.

After a long period of systematic exclusion from American social science, Marxism is reemerging as a serious theoretical force. In the 1960s this resurgence of Marxist perspectives largely took the form of radical critiques of the accepted wisdom in various academic disciplines. Increasingly in the course of the 1970s these critiques have been transformed into the elaboration of a positive alternative. New questions are being asked, new answers are being formulated, and new research agendas are being generated.

This book is an initial result of that process. It has attempted to take the theoretical challenge and insights of the emerging Marxist social science onto an empirical terrain familiar to non-Marxist social scientists. If nothing else, I hope that this effort has established the empirical significance of various issues raised within contemporary Marxist theory.

Regression equations, of course, cannot establish the general validity of a conceptual paradigm. Especially where disagreements over theoretical issues are reinforced by powerful ideological commitments, empirical results alone can never be decisive. Nevertheless, the kind of empirical investigation pursued in this study may help to demonstrate the scientific side of Marxism, and in so doing expand the possibilities for sustained theoretical debate.

## APPENDIX A

# Data Sources

Four different data sources will be used to investigate the various hypotheses discussed in chapter 4.

### THE PANEL STUDY OF INCOME DYNAMICS (PSID)

Since 1968, the University of Michigan Institute for Social Research (ISR) has been conducting a panel study of households across the United States. Each year the heads of these households have been reinterviewed on a wide variety of topics concerned with income, standards of living, work, and similar issues. When individuals leave a family and begin a new household, or when families split apart, both old and new households are included in the study. As a result, the original sample of 5000 households has grown to nearly 6000 house-