

8

Race and Class

The normative premise of most sociological research on inequality is that the ideal society is one in which all individual outcomes are simply consequences of individual choices.* Given this premise, barriers to “equal opportunity” within the existing society become the central focus of empirical investigations.

This concern with equality of opportunity has been reflected in two major lines of research: first, the enormous literature on social mobility, especially intergenerational mobility; and second, research focusing on discrimination of various sorts, especially racial and sexual discrimination. Both of these types of research attempt to sort out in one way or another how much of the variance in individual outcomes

*An earlier version of some sections of this chapter appeared in Wright (1978d).

can be accounted for by factors outside the individual's control.¹ The more sophisticated studies then attempt to discover the concrete social mechanisms through which these barriers operate: job promotion patterns within organizations (e.g., Doeringer and Piore, 1972); the functioning of labor markets (e.g., Edwards et al., 1975; Bluestone, 1974; Stolzenberg, 1975b); the occupational recruitment process (e.g., Blau and Duncan, 1967); selective processes within educational institutions (e.g., Coleman et al., 1966; Jencks et al., 1973; Bowles and Gintis, 1976); and socialization patterns within families (e.g., Sewell and Hauser, 1975; Duncan et al., 1972).²

None of these studies of individual mobility or discrimination has empirically examined the relationship of these diverse social processes to class, defined as positions within social relations of production, although some do interpret their findings in terms of those relations (Bowles and Gintis, 1976; Edwards et al., 1975). If our analysis in earlier chapters is correct and class does play a central mediating role in structuring income determination, then it would be expected that many of the results of these various studies would be affected if class were systematically taken into account. While the data available in the present research do not allow for an examination of the relationship of class to social mobility, we can examine the interactions between class position and some of the processes involved in racial and sexual discrimination. In this chapter we will look in some detail at the interactions between race and class, and in the next chapter, at the interactions between sex and class.

THE DISTRIBUTION OF RACE AND CLASS

Table 8.1 presents the class distribution within racial categories. Because of the problem of nonrandomness in the Michigan PSID data, this table is based on the 1969 SWC data and a similar study conducted

¹Duncan et al. (1972) state this perspective quite explicitly: "all known complex societies are characterized by one or more forms of institutionalized social inequality. However, there are variations between societies and, presumably, within a society over time in the degree of opportunity, that is, the extent to which persons are recruited or assigned to roles bearing unequal rewards on the basis of circumstances of birth or rearing in a particular family, locality, cultural or ethnic group, or social milieu. To the extent that achievement depends upon such circumstances over which the individual has little or no control, we say that a society is stratified [p. 2]."

²Few studies, needless to say, actually ever measure child-rearing and other socialization processes as such. But generally speaking, variables such as parental education or status are taken as loose proxies for the "values" and "motivations" instilled in

TABLE 8.1
Distribution of Class Positions Within Racial Categories

| Class Position | White Males | Black Males |
|--------------------------|-------------|-------------|
| Small employers | 11.5% | 4.9% |
| Managers and supervisors | 40.2 | 32.5 |
| Managers ^a | 20.9 | 15.3 |
| Supervisors | 19.3 | 17.2 |
| Workers | 43.5 | 61.4 |
| Petty bourgeoisie | 4.9 | 1.2 |
| N | 2,100 | 168 |

Source: Percentages represent average of 1969 Survey of Working Conditions and 1973 Quality of Employment Survey distributions.

^aThe proportional division between managers and supervisors is estimated from the distribution in the Panel Study of Income Dynamics; the total proportion of managers and supervisors within racial categories comes from the 1969 SWC and 1973 QES data.

in 1973, the Quality of Employment Survey (QES). Since there were only about 85 black males in each of these surveys, an average of the distributions for the separate surveys was used to construct this table.³

These data clearly indicate that black men are considerably more concentrated within the working class than are white men: over 61% of all black men are workers, compared to only 43.5% of white men. If mere supervisors are added to this figure, then 79% of black men are workers or supervisors compared to only 63% of white men. While these data say nothing about how blacks and whites get sorted into different positions within class relations, they do show that the end result of the sorting process is a quite different class distribution within race categories.⁴

the individual through the family. This is especially explicit in the "Wisconsin Model" in which family background is portrayed as shaping individual aptitudes and aspirations (see Sewell and Hauser, 1975; Alexander et al., 1975).

³The distributions for each of these surveys taken separately can be found in Wright (1976b, pp. 353, 365).

⁴It is important to remember that only employed and self-employed participants in the labor force are included in the data used in this study. Since blacks have higher unemployment rates than whites, this clearly influences the class distribution within race categories. Since the percentages in Table 8.1 are an average of data gathered in 1969 (a year of relatively low unemployment) and 1973 (a year of higher unemployment), this understatement of the size of the working class is probably not terribly large. Nevertheless, if we assume that most unemployed people are in fact workers, then the proportion of black males who are in the working class is probably closer to 70-75% than 61%, and the proportion of white males closer to 50% than 44%.

RETURNS TO EDUCATION FOR RACES WITHIN CLASS CATEGORIES

Hypothesis 9.1. *The returns to education of black and white males will be much closer within class positions than across all class categories.*

Sociologists and economists have consistently found that white males get considerably higher returns to education than black males. Weiss (1970) found that within specific age groups, black males received significantly lower returns to education than white males, whether education was measured as years of schooling or achievement level. Siegel (1965) found that, net of occupation and region of the country, the difference in expected incomes of black and white males increased monotonically with education: at less than elementary education, blacks earned, in 1960, \$700 less than whites; at the high school level this increased to \$1400; and at the college level, to \$3800. Duncan (1969) has shown that even controlling for family background, number of siblings, and occupational status, blacks still receive lower returns to education than whites.⁵

⁵The only study I know of which claims to present different findings from these results is the research of Stolzenberg (1973, 1975a). Stolzenberg (1975a) estimated a rather complicated income determination equation within 67 detailed occupational categories for both black and white males. He then compared the partial derivatives of income with respect to education for these equations and found that in nearly half of the occupational categories the partial derivative was larger for blacks than for whites. Thus, he concludes that, "Earlier findings suggesting high within-occupation racial differences in wage returns to schooling (e.g., Siegel 1965; Thurow 1967) were probably artifacts of the gross occupational classifications used. These past findings appear to have been produced by the tendency of black men to be concentrated in the lowest-paying detailed occupation categories within the major occupational group in which they are employed [p. 314]." The problem with this conclusion is that Stolzenberg uses a natural logarithmic transformation of income whereas Siegel uses raw dollars. This means that Stolzenberg is estimating (approximately) rates of returns to education rather than absolute returns. It may well be that the absolute returns to education within the detailed occupational categories might still not have differed significantly between blacks and whites, but Stolzenberg's results do not demonstrate this. I ran Stolzenberg's equation using the PSID data, calculated the partial derivatives for all blacks and whites and discovered that the rates of return for all blacks were significantly greater than for all whites (Stolzenberg does not report the results for all blacks and whites). Stolzenberg's results thus indicate that these higher rates of return to education for black men as a whole can also be found within about half of the detailed occupations held by black men. His results do not indicate that the absolute returns for black and white men are the same within detailed occupations.

TABLE 8.2
Regression Equations Within Race-Class Categories with Annual Taxable Income as Dependent Variable

| | Unadjusted Constant | Education | Occupational Status | Age | Seniority | Father's Education | Father's Occupational Status | Parents' Economic Condition | Annual Hours Worked | R ² |
|------------------------------|---------------------|-----------|---------------------|-------|-----------|--------------------|------------------------------|-----------------------------|---------------------|----------------|
| Whites (N=2,145) | | | | | | | | | | |
| Eq 1: B | \$5,583 | \$1,818.6 | | | | | | | | .087 |
| (se) | | (127.1) | | | | | | | | |
| Beta | | .30 | | | | | | | | |
| Eq 3: B | -10,519 | 1,147.2 | \$120.4 | \$146 | \$159 | -\$232 | \$6 | \$329 | \$3.1 | .268 |
| (se) | | (158.0) | (11.2) | (21) | (29) | (149) | (13) | (158) | (.31) | |
| Beta | | .19 | .26 | .17 | .13 | -.04 | .01 | .04 | .18 | |
| Blacks (N=912) | | | | | | | | | | |
| Eq 1: B | 6,069 | 860.2 | | | | | | | | .080 |
| (se) | | (96.8) | | | | | | | | |
| Beta | | .28 | | | | | | | | |
| Eq 3: B | -5,273 | 641.1 | 78.4 | 100 | 30 | 410 | -26 | -135 | 2.9 | .376 |
| (se) | | (119) | (8.9) | (14) | (22) | (125) | (10) | (103) | (.24) | |
| Beta | | .21 | .30 | .24 | .04 | .11 | -.08 | -.04 | .33 | |
| White workers (N=984) | | | | | | | | | | |
| Eq 1: B | 7,657 | 802.6 | | | | | | | | .055 |
| (se) | | (105.9) | | | | | | | | |
| Beta | | .235 | | | | | | | | |
| Eq 3: B | -6,639 | 656.4 | 64.8 | 128 | 136 | 238 | -39 | 340 | 3.2 | .359 |
| (se) | | (125.7) | (9.3) | (15) | (25) | (118) | (10) | (120) | (.26) | |
| Beta | | .19 | .24 | .28 | .17 | .07 | -.12 | .08 | .32 | |

(continued)

TABLE 8.2 (continued)

| | Unadjusted Constant | Education | Occupational Status | Age | Seniority | Father's Education | Father's Occupational Status | Parents' Economic Condition | Annual Hours Worked | R ² |
|---------------------------|------------------------|-----------|------------------------|------|-----------|-----------------------|------------------------------------|-----------------------------------|---------------------------|----------------|
| Black workers (N=657) | | | | | | | | | | |
| Eq 1: B | 6,246 | 610.4 | | | | | | | | .052 |
| (se) | | (101.7) | | | | | | | | |
| Beta | | .23 | | | | | | | | |
| Eq 3: B | -4,048 | 649.0 | 76.9 | 83 | 64 | 122 | -62 | 113 | 2.8 | .359 |
| (se) | | (136.7) | (11.0) | (15) | (24) | (139) | (12) | (103) | (.26) | |
| Beta | | .24 | .29 | .25 | .11 | .03 | -.19 | .04 | .36 | |
| White supervisors (N=397) | | | | | | | | | | |
| Eq 1: B | 8,827 | 734.3 | | | | | | | | .045 |
| (se) | | (170.3) | | | | | | | | |
| Beta | | .21 | | | | | | | | |
| Eq 3: B | -2,613 | 751.2 | 56.4 | 73 | 174 | -189 | 30 | -570 | 2.7 | .343 |
| (se) | | (192.3) | (13.5) | (24) | (37) | (200) | (16) | (197) | (.44) | |
| Beta | | .22 | .22 | .16 | .23 | -.05 | .10 | -.14 | .26 | |
| Black supervisors (N=123) | | | | | | | | | | |
| Eq 1: B | 6,334 | 641.5 | | | | | | | | .083 |
| (se) | | (194.1) | | | | | | | | |
| Beta | | .29 | | | | | | | | |
| Eq 3: B | -2,782 | 966.9 | 10.0 | 84 | 95 | 279 | 16 | -405 | 1.7 | .230 |
| (se) | | (309.6) | (21.5) | (49) | (57) | (275) | (25) | (267) | (.63) | |
| Beta | | .43 | .05 | .21 | .17 | .12 | .07 | -.14 | .24 | |

White managers (N=405)

| | | | | | | | | | | |
|-----------------------|--------|---------|--------|--------|--------|---------|--------|---------|-------|------|
| Eq 1: B | 6,429 | 2,107.4 | | | | | | | | .153 |
| (se) | | (247.0) | | | | | | | | |
| Beta | | .39 | | | | | | | | |
| Eq 3: B | -7,794 | 1,480.7 | 118.1 | 189 | 109 | -400 | 28.9 | -285 | 1.5 | .350 |
| (se) | | (281.0) | (21.5) | (39) | (52) | (231.5) | (19.5) | (264.5) | (.68) | |
| Beta | | .27 | .27 | .24 | .10 | -.08 | .07 | -.05 | .09 | |
| Black managers (N=72) | | | | | | | | | | |
| Eq 1: B | 7,628 | 1,168.5 | | | | | | | | .134 |
| (se) | | (354.2) | | | | | | | | |
| Beta | | .37 | | | | | | | | |
| Eq 3: B | -1,005 | -510.5 | 57.4 | 135.4 | -235.8 | 550.1 | 104.4 | -167 | 2.96 | .517 |
| (se) | | (475) | (27.6) | (75.6) | (89.9) | (436.5) | (35.5) | (591.3) | (.89) | |
| Beta | | -.16 | .27 | .26 | -.36 | .16 | .40 | -.03 | .41 | |

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B = Raw coefficient

(se) = Standard error

Beta = Standardized coefficient

Independent variables: Eq 1 = education only

Eq 3 = education, age, seniority, background, occupational status, and annual hours worked

Hypothesis 9.1 predicts that the difference in returns to education between whites and blacks will be substantially reduced when we control for class position. In chapter 6 we have already shown that workers get much lower returns than do either managers or small employers. And in Table 8.1 above, we observed that blacks are more concentrated within the working class than are whites. This would suggest that a substantial part of the overall difference in returns to education among blacks and whites might be a consequence of the class distribution within the two race categories.

Table 8.2 presents the returns to education for black and white males in various class positions, using PSID data. Table 8.3 presents the formal statistical tests of the significance of the differences in Table

TABLE 8.3
Returns to Education for Black and White Males Within Class Positions

| Class Position | Racial Differences in Returns to Education ^a in | |
|---------------------------|--|--------|
| | Eq 1 | Eq 3 |
| All black and white males | | |
| Slope difference | \$959 | \$ 533 |
| t-value | 6.0*** | 2.7** |
| Workers | | |
| Slope difference | 192 | 7 |
| t-value | 1.3 | ns |
| Managers and supervisors | | |
| Slope difference | 464 | 593 |
| t-value | 1.9* | 1.9* |
| Managers | | |
| Slope difference | 938 | 1,991 |
| t-value | 2.2* | 3.6*** |
| Supervisors | | |
| Slope difference | 93 | -216 |
| t-value | ns | ns |

Source: Data from Panel Study of Income Dynamics.

Independent variables: Eq 1 = education only

Eq 3 = education, age, seniority, background, occupational status, and annual hours worked

Significance levels on a one-tailed test:

*** .001

** .01

* .05

ns $t < 1$

^aTotal annual income is the dependent variable.

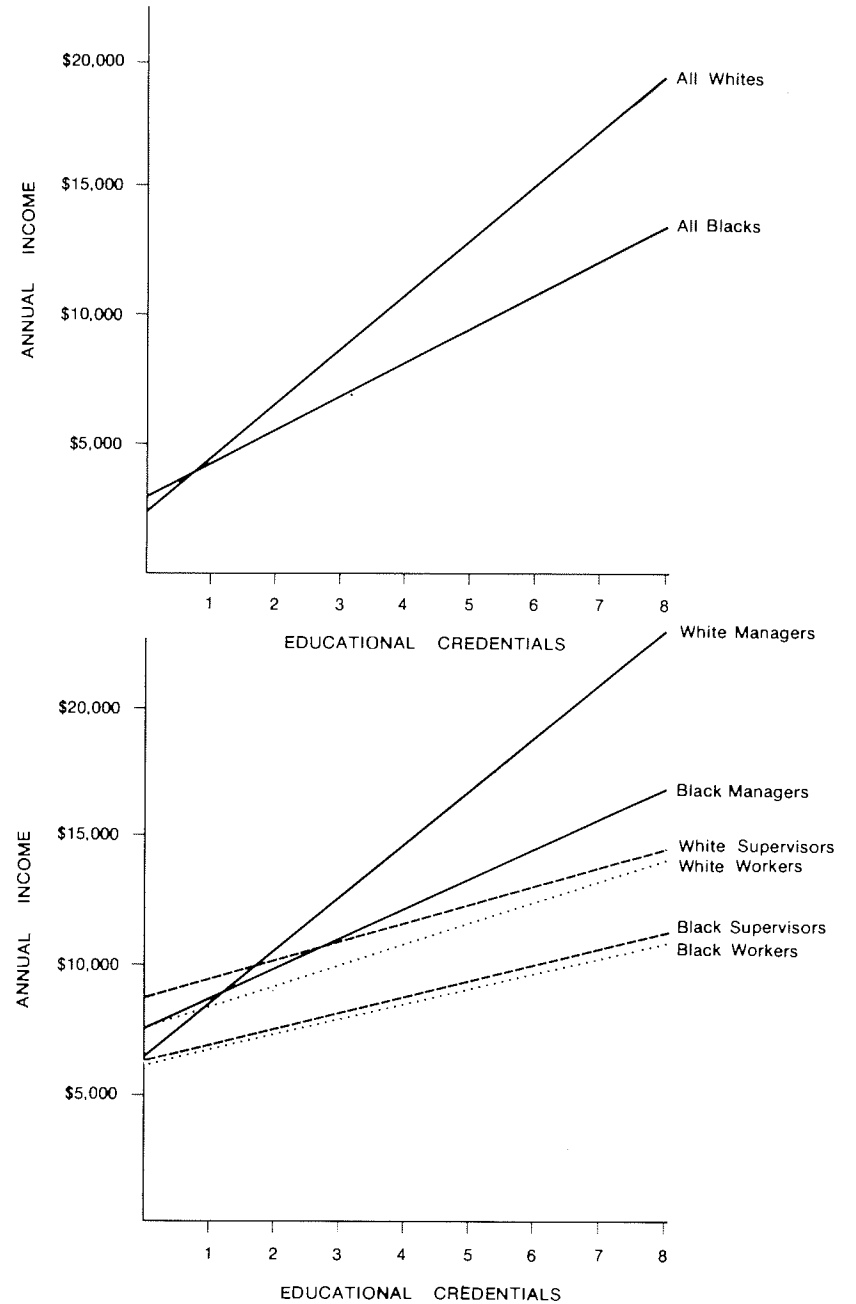


Figure 8.1. Returns to education for blacks and whites in different class positions. Note: Educational credentials are defined as follows: 0 = no education; 1 = some elementary; 2 = elementary; 3 = some high school; 4 = high school; 5 = high school + nonacademic; 6 = some college; 7 = college; 8 = graduate training. (Source: Data from Panel Study of Income Dynamics. Figure courtesy of the UW Cartographic Laboratory.)

8.2.⁶ The results are given for equations (1) and (3) specified in chapter 6. Figure 8.1 graphically presents the returns to education for the simple regression of income on education. (The income gaps between races will be discussed below.)

As in the findings of the studies reported above, the Panel Study also indicates that black males as a whole get lower returns to education than white males. In the simple regression of income on education, black males get an average of \$860 for each educational credential compared to \$1819 for white males (significant at the .001 level). For equation (3) (i.e., controlling for family background, age, seniority, occupational status, and annual hours worked) the returns for whites are \$1147 and for blacks \$614. These results are quite consistent with the usual findings about racial differences in returns to education.

When we look separately at the working class, the racial differences in returns to education are considerably reduced. In neither of the equations do black and white workers differ significantly in returns to education. In the simple regression of annual income on education, the returns to education for all blacks were only 47% of the returns for all whites; within the working class, the returns for blacks in this same equation are 76% of the returns for whites. When all of the controls in equation (3) are added, the returns for black workers become virtually identical with the returns for white workers (they differ by only 1%), whereas the returns for all blacks remain about 50% the returns for all whites. This strongly suggests that class structure mediates the effects of race on the income determination process.

The comparison of blacks and whites within the manager/supervisor category poses a somewhat different problem from the comparison within the working class. Managers/supervisors do not constitute a class position in the same sense as workers or capitalists. As explained in chapter 2, the manager/supervisor category represents a contradictory location within class relations, and as such managers/supervisors are spread out in a series of positions between the working class and the bourgeoisie. It was precisely for this reason that in chapter 7 we examined the returns to education within specific levels of the managerial hierarchy.

⁶Comparable results using the SWC data can be found in Wright and Perrone (1977), and in Wright (1976b, pp. 354, 366).

Most of these results have also been reported in Wright (1978d). The formal statistical tests used in Table 8.2 are more conservative than those used in Wright (1978d), where the conventional dummy variable interaction model was used to calculate the *t*-tests, necessarily yielding a larger *t*-value for any given difference in coefficients between two populations. See appendix C for a discussion of this issue.

In chapters 6 and 7 we found that the returns to education for all managers/supervisors were considerably greater than for managers/supervisors at the bottom levels of the managerial hierarchy (mere supervisors). Thus, if blacks tend to be concentrated at the bottom of the managerial hierarchy while whites are spread out throughout the hierarchy, then a comparison of black to white managers/supervisors would in effect become a comparison of bottom positions to the overall hierarchy. In such a situation, it would be expected that black managers/supervisors would have lower returns to education than their white counterparts.

Furthermore, it would also be expected that this difference in returns to education between blacks and whites within the managerial category should be especially large when occupational status is controlled for in the regression. Among managers/supervisors, education influences income primarily through two routes. First, as we have stressed throughout this study, education serves as a selective filter which influences how high in the managerial hierarchy an individual is likely to rise. Secondly, education influences the market situation of the labor power of managers and supervisors (as it does for any other wage laborer). This latter route is tapped in the regression equations by occupational status. In the simple regression of income on education, equation (1), the education coefficient embodies both of these mechanisms for translating education into income. When we control for occupational status in equation (3), however, we are in effect holding constant the market channel through which education influences income, and thus the coefficient of the education variable can be viewed as a rough indicator of the strength of the direct hierarchical route alone. Again, if black managers/supervisors are confined to the bottom rungs of the managerial ladder, the education coefficient in the equations which include occupational status should be especially small.

Finally, if this line of reasoning about the differences between black and white managers/supervisors is correct, then we would also expect that within the supervisor category examined separately, the returns to education for blacks and whites should be roughly equal. The supervisor level is the one position within the manager category as a whole which we can isolate in the PSID data. When we examine supervisors by themselves, the problem of the different dispersions of blacks and whites throughout the managerial hierarchy ceases to matter, and thus the returns to education for blacks and whites should be reasonably similar. Among managers proper, on the other hand, we

would expect greater returns for whites for the reasons spelled out above for the entire manager/supervisor category.

As is evident in Table 8.3, among all managers/supervisors and among managers taken separately, the returns for blacks are indeed smaller than for whites, especially in the equations containing occupational status. In the comparison between black and white supervisors, on the other hand, the returns to education do not differ significantly in any of the equations. In the simple regression of income on education, the annual income returns for black male supervisors are only 13% less than for whites. When the additional controls are added in equations (2) and (3), the returns for black supervisors actually become slightly greater than for white supervisors (although the differences are not statistically significant).

Although it was anticipated that black managers would have lower returns to education than white managers, it was not expected that the partial returns in equation (3) would be essentially zero. The expectation was merely that the hierarchical promotion mechanisms among blacks would be blunted, but not that such mechanisms would be so weak as to generate no returns to education when occupational status was held constant.

One possible clue to these results might be found if we examine the occupational distribution among white and black managers (Table 8.4).

As would be expected, black managers are considerably more concentrated among unskilled and semiskilled manual occupations than are white managers (38.5% compared to 13%). What is somewhat sur-

TABLE 8.4
Occupational Distribution Among Managers for Black and White Males

| Distribution | White Managers | Black Managers |
|--------------------------------------|--------------------|----------------|
| Professional, technical, and kindred | 27.6% | 22.5% |
| Professionals | 22.3 | 9.3 |
| Technicians | 3.0 | 0.0 |
| Teachers | 2.3 | 13.2 |
| Managers and administrators | 35.2 | 25.0 |
| Sales | 4.7 | .8 |
| Clerks | 1.9 | 1.7 |
| Craftsmen and kindred | 20.5 | 11.5 |
| Operatives, laborers, and misc. | 13.1 | 38.5 |
| Total | 100.0 ^a | 100.0 |

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^aPercentages do not add to 100% because of rounding.

prising is the much higher proportion of black than white managers who are teachers (13% compared to 2%). To express this in a different way: nearly 60% of the black managers in professional or technical occupations are teachers, whereas this is the case for fewer than 10% of white professional-technical managers. Remember, these are real managers, people who state that they have some say in the pay and promotions of their subordinates, rather than simple supervisors. This implies that these teacher-managers either occupy administrative positions within their educational institutions or direct research projects in which they have say in the pay and promotions of research assistants (all but one of the black teacher-managers were college or university teachers).

If the regressions in Table 8.2 are rerun excluding teachers from the managerial category, the results are much more as expected (Table 8.5). The returns for black and white supervisors are essentially the same as in Table 8.2. Black male managers still generally have lower

TABLE 8.5
Returns to Education^a for Blacks and Whites Within the Manager/Supervisor Category, Excluding Teachers

| Class Category | Eq 1 | Eq 3 |
|----------------------|-------|-------|
| Supervisors | | |
| White males | \$732 | \$761 |
| (se) | (182) | (208) |
| Black males | 506 | 934 |
| (se) | (217) | (350) |
| Difference | 226 | -173 |
| t-value ^b | ns | ns |
| Managers | | |
| White males | 2,154 | 1,570 |
| (se) | (256) | (293) |
| Black males | 1,582 | 880 |
| (se) | (476) | (473) |
| Difference | 572 | 690 |
| t-value | ns | 1.2 |

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^aTotal annual income is the dependent variable.

^bThe t-values in this table differ slightly from those published in Wright, 1978d, where a somewhat different technique was used to calculate the standard error (se) of the difference in coefficients.

returns than white male managers (although the differences are not statistically significant), but the returns are not nearly so small as in the regressions including teachers.

I do not have a particularly coherent explanation why the presence of so many teachers among black managers should have such a drastic effect on the education coefficient for black managers in equation (3). Obviously, it has something to do with the interrelationship of education, status, and income among this specific subgroup of managers, but to say this merely describes the problem rather than providing a theoretical explanation.

In any event, the important point for hypothesis 9.1 is that nearly 80% of all black males are in the working class or the supervisory category, and in these class positions blacks and whites receive essentially the same returns to education. Much of the aggregate difference in returns to education among blacks and whites can therefore be reasonably considered a consequence of the class distribution of races.

CLASS DIVISIONS WITHIN RACIAL GROUPS

Hypothesis 9.2. *The differences between black male workers and managers/supervisors will be less than between white male workers and managers.*

We have already implicitly explored this hypothesis in our discussion of black managers above. Table 8.6 presents the income gaps for class comparisons among blacks and whites, and Table 8.7 presents the comparisons of returns to education for different class positions within race categories.

The results only partially confirm this hypothesis. It is clear from Table 8.7 that black workers and managers differ much less than white workers and managers in returns to education, but the income gaps between black workers and managers in Table 8.6 are essentially as large as between white workers and managers. Among whites, the mean income of workers is 62% of the mean income of managers; among blacks the figure is 64%. When the various controls in equation (3) are added, the expected income of white workers becomes 86% of white managers, while for black workers the figure is 83% of black managers. Overall, therefore, it still pays off for a black to become a manager, even if the returns to education are no greater for black managers than for black workers.

One other result in Tables 8.6 and 8.7 is worth noting. All of the class differences among whites taken separately are essentially as

strong as among all respondents in the survey. This means that the general conclusions arrived at in chapter 6 cannot be considered artifacts of the race distribution within classes.

CONCLUSION: THE INTERPLAY OF RACISM AND CLASS DOMINATION

It would be a mistake to interpret the results for hypothesis 9 above as indicating that all racial discrimination is really disguised class oppression. Although it is true that the differential returns to education for blacks and whites largely disappear when we control for class, this does not imply that race is an insignificant dimension of inequality in American life. The empirical problem is to sort out the complex interplay of racism and class relations, not to obliterate the former in the latter.

The most obvious way in which racism intersects class relations is in the social processes which distribute people into class positions in the first place. In recent years sociologists have devoted considerable attention to the effects of racial discrimination on *occupational* mobility chances of blacks compared to whites. To my knowledge, there have been no studies which systematically explore the role of racism in the distribution of individuals into different positions within the social relations of production. Of particular importance in such a study would be the social processes which select people into the managerial/supervisory category and the mechanisms which regulate the promotion patterns up managerial hierarchies. Racism would affect the distribution of races within authority structures in two general ways: first, as in the sorting process for occupations, various forms of racial discrimination affect access to the mechanisms which sort people into the managerial hierarchy (educational credentials, connections, and the like). Since, as was argued earlier, people with lower credentials will tend not to be promoted above people with higher credentials, the result will be a higher concentration of blacks at lower levels of the managerial structure and a higher concentration of blacks in the working class. Second, and perhaps more importantly, because of the necessity to legitimate the social relations of domination embodied in managerial hierarchies, racism will directly tend to prevent the promotion of blacks above whites. Of course, this does not mean that blacks will never be promoted above whites. Particularly when strong political struggles against racism occur, corporations and bureaucracies may see the imperatives of legitimation as requiring the

TABLE 8.6
Average Income Gaps Between Class Positions Within Racial Categories

| Class Comparisons | Average Income Gap ^a | | | | | |
|---|---------------------------------|---------|---------|---------------------------|---------|-------|
| | White Males | | | Black Males | | |
| | Difference in Mean Income | Eq 1 | Eq 3 | Difference in Mean Income | Eq 1 | Eq 3 |
| Workers vs. managers/supervisors | \$4,192 | \$3,273 | \$1,163 | \$2,312 | \$1,839 | \$470 |
| Workers income as % managers/sup. | 73% | 78% | 92% | 79% | 82% | 95% |
| % difference in means elim. by controls | | 22% | 72% | | 20% | 80% |
| t-value of gap | | 9.8*** | 3.9*** | | 4.5*** | 1.2 |
| Workers vs. managers | 6,962 | 5,434 | 2,083 | 4,781 | 3,750 | 2,175 |
| Workers income as % managers | 62% | 68% | 86% | 64% | 70% | 83% |
| % difference in means elim. by controls | | 22% | 70% | | 22% | 55% |
| t-value of gap | | 11.8*** | 4.5*** | | 5.2*** | 2.9** |
| Workers vs. managers (excl. teachers) | | | | | | |
| Workers income as % managers | | | | 4,695 | 3,893 | 1,026 |
| % difference in means elim. by controls | | | | 64% | 69% | 90% |
| t-value of gap | | | | | | |
| Employers vs. workers | 14,232 | 12,397 | 7,217 | | | |
| Workers income as % employers | 44% | 52% | 66% | | | |
| % difference in means elim. by controls | | 13% | 49% | | 17% | 78% |
| t-value of gap | | 8.7*** | 4.7*** | | 4.8*** | 1.7* |
| Employers vs. managers | 7,270 | 7,935 | 6,790 | | | |
| Managers income as % employers | 72% | 69% | 73% | | | |
| % difference in means elim. by controls | | -9% | 7% | | | |
| t-value of gap | | 5.5*** | 4.9*** | | | |

Source: Data for whites, blacks, from Panel Study of Income Dynamics.
Independent variables: Eq 1 = education only

Eq 3 = education, age, seniority, background, occupational status, and annual hours worked
Significance levels on a one-tailed test:

*** .001

** .01

* .05

^aAverage income gaps represent the difference in expected incomes for two groups evaluated at a level of the independent variables in the regression equal to the average of their respective means on the independent variables.

TABLE 8.7
Returns to Education for Different Class Positions Within Racial Categories

| Class Comparisons | Differences in Returns to Education ^a | | | | | |
|---------------------------------------|--|-------|-------|-------------|--------|--------|
| | White Males | | | Black Males | | |
| | Eq 1 | Eq 2 | Eq 3 | Eq 1 | Eq 2 | Eq 3 |
| Workers vs. managers/supervisors | | | | | | |
| Slope difference | \$840 | \$534 | \$504 | \$568 | \$-213 | \$-82 |
| t-value | 4.5*** | 2.4** | 2.3** | 2.7** | ns | ns |
| Workers vs. managers | | | | | | |
| Slope difference | 1,305 | 894 | 825 | 559 | -931 | -1,159 |
| t-value | 4.9*** | 2.9** | 2.7** | 1.5 | 1.8* | 2.3** |
| Workers vs. managers (excl. teachers) | | | | | | |
| Slope difference | 1,352 | 975 | 914 | 972 | -215 | 231 |
| t-value | 4.9*** | 3.0** | 2.9** | 2.0* | ns | ns |
| Employers vs. workers | | | | | | |
| Slope difference | 2,866 | 1,438 | 1,424 | | | |
| t-value | 3.9*** | 1.7* | 1.6* | | | |
| Employers vs. managers | | | | | | |
| Slope difference | 1,561 | 544 | 599 | | | |
| t-value | 2.0* | ns | ns | | | |

Source: Panel Study of Income Dynamics.

Independent variables: Eq 1 = education only

Eq 2 = education, age, seniority, background, occupational status

Eq 3 = Eq 2 + annual hours worked

Significance levels on a one-tailed test:

*** .001

** .01

* .05

ns = t < 1

^aTotal annual income is dependent variable.

acceptance of some blacks into token positions of authority within managerial structures. But in the absence of such struggles, it would be expected that the logic of hierarchical domination within capitalist production relations and the necessity of legitimating that domination would generate racist patterns of recruitment into and promotion up managerial hierarchies.

The above argument about recruitment and promotion presupposes the existence of racism. Given the presence of intense racist beliefs, it is easy to explain why blacks will not be promoted above whites within hierarchies; but this begs the question about the existence of racism in the first place. It is beyond the scope of this chapter to attempt a systematic account of the origins of racism and the social processes which reproduce it in contemporary American society. What I will do is very briefly indicate the essential thrust of a class analysis of the role of racism in American capitalism, and show how the present study relates to that analysis.

A common mistake made by Marxists in analyzing racism is to assume that all forms of racial discrimination are unequivocally functional for the capitalist class. This is similar to analyses of the capitalist state which argue that every policy by the state is orchestrated by the capitalist class to serve its interests. Such "instrumentalist" views of the state and ideology minimize the intensely contradictory character of capitalist society.⁷ Capitalism simultaneously undermines and reproduces racism, and it is essential to disentangle these two tendencies if one is genuinely to understand the relationship between class and race in contemporary capitalism.

One of the basic dynamics of capitalist development stressed by Marx as well as many non-Marxist theorists is the tendency for capitalism to transform all labor into the commodity labor power, and to obliterate all qualitative distinctions between different categories of labor. From the point of view of capital accumulation, the more labor power becomes a pure commodity regulated by pure market principles unfettered by personal ties and ascriptive barriers, the more rapidly can capitalism expand. In terms of the logic of accumulation developed by Marx in *Capital*, therefore, there will be systemic tendencies within capitalism to reduce racial discrimination in the labor market, and to treat black labor power as identical with any other labor power.

There may seem, in this respect, to be little fundamental difference between Marxist theory and neoclassical economics. Both recognize

⁷For a critique of instrumentalist views in Marxist theory, see Gold et al. (1975) and Esping-Anderson et al. (1976).

that the inherent economic logic of capitalism is progressively to reduce economic divisions between races. But this is only one side of the story. Capitalism is not, as neoclassical economists see it, solely an economic system of capital accumulation. It is also a class system in which workers struggle against capitalists, over both their condition as sellers of labor power and, potentially, the existence of the capitalist system itself. Whereas the essential dynamics of accumulation may lead to an undermining of racial differences in the labor market, the dynamics of class struggle tend to intensify racism. To the extent that the working class is divided along racial and ethnic lines, the collective power of the working class is reduced, and the capacity of workers to win demands against capital will decrease. The result will be an increase in the rate of exploitation of both white and black workers, although the effects may well be more intense for blacks and other minorities than for whites.⁸

The analysis of racism as a divide and conquer strategy has perhaps been the central theme in Marxist treatments of the subject. There are passages in Marx, for instance, that give the impression that racism can be reduced to a conspiracy among capitalists.⁹ Of course, at times capitalists do collectively adopt strategies which are intended to increase racial and ethnic divisions, as in cases where black and immigrant labor is used in strike-breaking. More commonly, however, capitalists simply exploit existing racial divisions as a way of obtaining cheaper labor for certain kinds of jobs. Such individual strategies will tend to reproduce racism even in the absence of secretive collusion among capitalists.

We thus have a basic contradiction: capitalism tends to undermine all qualitative distinctions between categories of labor, but the capitalist class needs those qualitative divisions for its own reproduc-

⁸Marxists have often claimed that racism hurt white as well as black workers, but systematic empirical investigations of this proposition in the United States have been lacking until recently. Reich (1971, 1973) has shown that in the 50 largest Standard Metropolitan Statistical Areas, the greater the racial inequality in median family earnings, the greater the inequality of earnings among whites and the weaker the level of unionization. Szymanski (1976) made similar findings for all 50 U.S. states. Both these sets of results indicate that racism, in dividing the working class, leads to an increase in exploitation among all workers, white as well as black.

⁹Marx, writing in 1870 on the Irish question, commented, "In all the big industrial centers in England there is profound antagonism between the Irish proletariat and the English proletariat. . . . This . . . is artificially nourished and supported by the bourgeoisie. It knows that this scission is the true secret of maintaining its power [Marx and Engels, 1972 ed., p. 162]."

tion as the dominant class.¹⁰ Both forces operate. The actual balance between the two depends upon a variety of historical factors. For example, under conditions of extreme shortages of labor, obstacles to labor mobility in the labor market are likely to be rather costly to individual capitalists, and thus it would be expected that racial barriers would be more rapidly eroded by imperatives of accumulation. On the other hand, when there are relatively abundant supplies of labor and when individual differences between laborers make little difference to productivity (because of routinization, automation, etc.), then those strictly economic imperatives are likely to be weaker. The extent to which racial or ethnic divisions within the working class are being deepened or eroded in a given capitalist society cannot, however, be derived directly from the abstract theory of capitalist economic development. It is only when such abstract theory is linked to specific political and ideological developments that it becomes possible to assess the real dynamics of racism in a given society.

The present study does not deal with this historical process; nevertheless, its data can be related both to the perpetuation of important racial divisions within the working class and to the common situation of all workers as workers, regardless of race.

The data presented in Figure 8.1 and Table 8.2 clearly indicate that although black and white workers receive similar returns to education, black male income is less than white male income at every level of education. Table 8.8 presents the average income gaps between blacks and whites within classes. It will be recalled that these gaps indicate what the expected difference in income between a black and a white male within a given class would be if they both had the same value on the independent variables in the equation. In this analysis, the gap is calculated at levels of the independent variables halfway between the means for each group in the comparison being made. As can be seen from this table, the income gaps between races are large and statistically significant for both regression equations within each class category. Furthermore, the addition of the various controls in the multiple regression equations reduces the total difference in mean incomes between races within classes by no more than 50%, indicating that a substantial part of the difference in mean incomes between races

¹⁰Instead of seeing the relationship of capitalism to racism as an intrinsically contradictory process with political and ideological dimensions, neoclassical economics typically treats racism as a problem of arbitrary individual "tastes" for discrimination on the part of employers and workers (see Becker, 1971, pp. 13-18).

TABLE 8.8
Average Income Gaps Between Races Within Class Categories

| | Difference in Mean Income | Average Income Gap ^a | |
|---|---------------------------|---------------------------------|---------|
| | | Eq 1 | Eq 3 |
| All respondents | \$5,308 | \$3,698 | \$1,868 |
| Black income as % of white | 64% | 73% | 85% |
| % of difference in means eliminated by controls | | 30% | 65% |
| t-value | | 12.2*** | 6.8*** |
| Workers | 2,870 | 2,203 | 1,428 |
| Black income as % of white | 75% | 80% | 86% |
| % of difference in means eliminated by controls | | 23% | 49% |
| t-value | | 8.5*** | 6.3*** |
| Managers and supervisors | 4,750 | 3,100 | 3,560 |
| Black income as % of white | 69% | 79% | 77% |
| % of gap eliminated | | 35% | 25% |
| t-value | | 6.5*** | 6.0*** |
| Supervisors | 3,872 | 2,896 | 2,140 |
| Black income as % of white | 69% | 76% | 82% |
| % of gap eliminated | | 25% | 45% |
| t-value | | 5.8*** | 4.3*** |
| Managers | 5,051 | 3,707 | 3,011 |
| Black income as % of white | 72% | 79% | 83% |
| % of gap eliminated | | 27% | 40% |
| t-value | | 4.6*** | 4.1*** |

Source: Data from Panel Study of Income Dynamics.

Independent variables: Eq 1 = education only

Eq 3 = education, age, seniority, background, occupational status, and annual hours worked

Significance levels on a one-tailed test:

*** = .001

^aAverage income gaps represent the difference in expected income for two groups evaluated at a level of the independent variables in the regression equal to the average of their respective means on the independent variables.

within classes should probably be directly attributed to racial discrimination.

In terms of our analysis of the components of income within the working class, these results suggest that the wage of black workers typically falls below the value of their labor power. That is, blacks have a sizable income discrimination component in their income, and as a

result will generally be exploited at a higher rate than white workers.¹¹

Ultimately, the political thrust of the Marxist theory of racism hinges on the other side of the contradiction: in spite of the divisive character of racism and the material differences between black and white workers that racism generates, workers of all races share a fundamental class situation, and thus share fundamental class interests.¹² The central finding of this study—that black and white workers have very similar returns to education—reflects this common class situation. Table 8.2 also indicates that black and white workers have very similar income returns to occupational status (whereas whites taken as a whole have significantly greater returns than blacks taken as a whole); this again reflects the commonality of their class position.

Furthermore, it is easy to show that the income gaps between black and white workers, while significant, are much smaller than the gap

¹¹In order so to interpret these results in terms of rates of exploitation it is necessary to assume that two workers who have the same values on all of the variables in equation (3) will have essentially similar complexities of labor (i.e., embodied labor in their own labor power) and intensities of labor (i.e., pace of work within the labor process). Equation (3) contains annual hours worked, and if we accept the above two assumptions, then two workers who have the same values on all the independent variables will produce the same amount of total value in a year. Any difference in their incomes would then reflect differences in the costs of reproduction of their labor power, and thus differences in rates of exploitation. Two factors could undermine this conclusion. First of all, the reproductive costs of labor power are not represented simply by wages, but by fringe benefits, state subsidies for education, and other services, etc. To the extent that such additional elements of the costs of reproducing labor power are themselves correlated with earnings, then if anything we are underestimating the differences in rates of exploitation by looking exclusively at direct income. Secondly, if black workers as a whole are overqualified for the jobs which they hold, wage differences could in part reflect social waste of potential surplus value rather than superexploitation of black labor in the technical sense of the concept. If a college graduate works on an assembly line, he or she produces no more surplus value and is no more exploited than a high school dropout in the same production process. The complexity of the college graduate's labor is being socially wasted in such a situation. In the strategy used to compare black and white exploitation above, however, this situation would appear as a greater rate of exploitation of the college graduate. There is no way in the present data to differentiate between underemployment and more intense exploitation. For a much fuller discussion of the relationship between econometric models of income determination and the Marxist concept of exploitation, see Wright (1976b, pp. 120–31).

¹²“Fundamental” class interests, it will be recalled from chapter 2, refer to interests defined across modes of production (i.e., interests in capitalism vs. socialism), whereas “immediate” interests refer to interests defined within a given mode of production. Black and white workers may well have conflicting immediate interests under certain circumstances (as do many other categories of labor within the working class), and still share fundamental class interests.

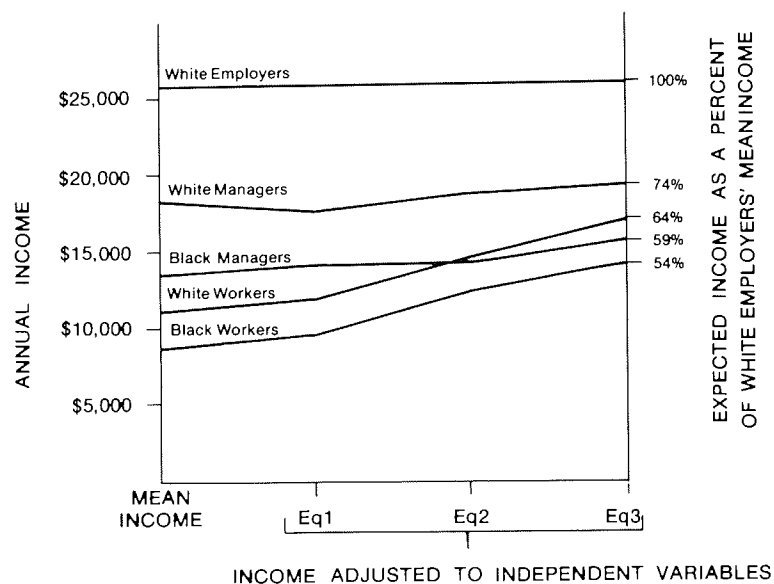


Figure 8.2. Income differences between races and classes. Note: Income is adjusted to white employers' means. Independent variables: Eq 1 = education only; Eq 2 = education, age, seniority, background, and occupational status; Eq 3 = Eq 2 + hours worked. (Source: Data from Panel Study of Income Dynamics. Figure courtesy of the UW Cartographic Laboratory.)

between either and small employers. Figure 8.2 indicates the expected incomes of each race and class category assessed at the level of the independent variables of white employers.¹³ The unadjusted mean income of white workers is less than one half that of white employers; the mean income of black workers, on the other hand, is 75% of white workers' mean income. In absolute dollar amounts, the mean white workers' income is over \$14,000 below the mean white employers' income, whereas the mean black workers' income is only \$2900 below the mean white workers' income. When the various controls in equations (2) and (3) are added, the expected incomes of both black and white workers (evaluated at the white employers' means on the independent variables) increase considerably. Yet the difference between workers and employers is still considerably greater than the differences between workers of different races. These results indicate that compared with even small employers—let alone proper capitalists—the

¹³This procedure is basically similar to the familiar cross-substitution technique employed by Duncan (1969) and others. This was referred to as the "standardized" income gap in chapter 6.

common position of black and white workers within the social relations of production generates a basic unity of economic situation.

In general, the results in this chapter strongly support the central thesis of this study: that class relations mediate the process of income determination. Although the data suggest that there are crucial racial effects on income in American society, and that these racial effects exist within classes as well as between classes, our findings also demonstrate that these racial effects are themselves structured by class relations.