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Foreword

Staff members of the Institute for Research on Poverty have contributed a great deal to our understanding of inequality in the United States. For example, in *Public Expenditures, Taxes, and the Distribution of Income: The United States, 1950, 1961, 1970* (Academic Press, 1977) Morgan Reynolds and Eugene Smolensky trace the post-World War II trend in inequality. Similarly, David L. Featherman and Robert M. Hauser in *Opportunity and Change* (Academic Press, 1978) dissect the intergenerational transmission of inequality in the U.S. and how that has changed in our time. Erik Olin Wright's *Class Structure and Income Determination* is a part of this growing body of research. But there is a difference: Wright is the first scholar at the Institute to approach this topic from a Marxist perspective. As a consequence, his book is likely to be even more controversial than others on the ever-controversial topic of inequality.

Whereas most sociologists and economists who have studied inequality emphasize occupation and education, respectively, Marxist theory leads Wright to emphasize class. Furthermore, since class is defined in terms of positions within the social relations of production, Wright focuses on the way in which different kinds of jobs—particularly whether the job entails being supervised, supervising someone else, or working as one's own boss—affect individual economic outcomes. Calling attention to, and then demonstrating, the significance of jobs in determining income is one of the important contributions of this work.

Perhaps the book's most important contribution, however, is that it attempts for the first time to test Marxist theory empirically, with modern econometric techniques. As Wright notes in his acknowledgments, few Marxist social scientists have the statistical training and skills to undertake such a task. But Wright does. He finds, for example, that even a crude measure of class explains at least as much of the variance in income as the more elaborate Duncan occupational status scale. Similarly, he finds that when class position is held constant, the commonly reported differential returns to education between blacks and whites and between men and women virtually disappear.

No doubt these and other findings in the book will stimulate criticism and new research. Wright is already pursuing the research, because the empirical data used for this study were not ideally suited to his purpose. Currently he is engaged in a major new data collection and analysis project funded by the National Science Foundation. The data will be gathered in four countries (the United States, Italy, Sweden, and Great Britain), thereby making possible a comparative approach. This book, therefore, may be viewed as the opening shot in the lively intellectual battle that it is likely to stimulate.

Irwin Garfinkel
 Director, Institute for
 Research on Poverty

Preface

This study began as an attempt to demonstrate to non-Marxist social scientists that Marxist categories mattered, that class was consequential for understanding American society. In many ways, the quantitative investigation of income inequality is an ideal empirical problem for this purpose. Quantitative studies of the causes and consequences of inequality have almost totally ignored Marxist categories, even though social inequality probably plays a more central role in the Marxist perspective than in any other theoretical tradition in social science. Marxists have been suspicious of quantitative, multivariate approaches to the study of social reality, and the practitioners of multivariate statistics have generally dismissed Marxist theory as offering little of interest for empirical research. The result has been that class, defined in terms of common positions within the social relations of production, has never been systematically included in quantitative research on income inequality.

The present research is a first step in bridging this gap between the Marxist theoretical perspective and the growing body of quantitative studies of social inequality. As such, it will, I hope, have something to say to both Marxist and non-Marxist social scientists. For Marxists, the research represents a theoretical and empirical investigation of the link between social relations of production and social relations of exchange in advanced capitalist society. Of particular importance is the analysis of various "intermediary" positions within the social relations of production, and the relationship of such positions to income inequality. For non-Marxists, the research demonstrates that class position has a significant and consistent impact on income. Thus, even if the overall Marxist framework is not adopted, any thorough empirical investigation of income inequality must still include position within social relations of production as an independent variable in the analysis.

The basic theme of this study is that *class, defined as positions within the social relations of production, plays a central role in mediating income inequality in capitalist society.* This does not mean that class by itself is sufficient to explain all income variation. Indeed, much income inequality occurs within class positions. Rather, the argument is that class organizes the structure of income inequality, in the sense that class position shapes other causes of income. The heart of the empirical investigation will therefore be an analysis of the interactions between class position and various other causes of income, in particular education.

Before we can explore such interactions, however, it is necessary to have a more precise understanding of what "class" really means. Chapter 1 will briefly discuss the range of meanings attached to the concept of class in the social science literature. The purpose of this chapter is less to provide a comprehensive analysis and critique of alternative perspectives than to highlight the distinctive character of the Marxist conception of class.

Chapter 2 will then attempt to develop a coherent set of criteria for class position within advanced capitalist societies. The heart of the chapter is a fairly detailed discussion of capitalist social relations of production and how these have been transformed in the course of capitalist development. This analysis forms the basis for a rigorous definition of classes, particularly of those social categories that are often loosely described as "middle classes." Although most of this chapter does not directly touch on the problem of income determination as such, it provides the general conceptual framework for the analysis of income in subsequent chapters.

Once this groundwork is laid, we will turn in chapter 3 to a specific comparison of the logic of analyzing income determination within Marxist and non-Marxist frameworks. The central purpose of this chapter is to make it as clear as possible precisely how Marxists pose the problem of income determination and how this strategy of analysis differs from both conventional sociological and economics approaches. I hope this chapter will make the empirical analyses that follow more accessible to readers relatively unfamiliar with the logic of Marxist theory.

Chapter 4 will then use the general analysis of class structure in chapter 2 and the approach to analyzing income inequality presented in chapter 3 in order to develop a series of concrete, testable hypotheses about the relationship between class and income determination. The general strategy will be to show how positions within the social relations of production influence the ways in which factors such as education are likely to affect income. This general analysis will then be extended to form a series of hypotheses about the interrelationship between class and race and class and sex in the income determination process.

Chapter 4 will be followed by five empirical chapters. Chapter 5 presents a direct comparison between class position and occupational status as predictors of income. The basic conclusion is that a very simple operationalization of Marxist class categories is at least as powerful a variable in predicting income variation as is the elaborate Duncan occupational status scale. Chapter 6 explores the basic class interactions with the income determination process. It is found that the returns to education vary considerably between classes and that these interactions cannot be considered "artifacts" of the characteristics of the individuals occupying class positions. Chapter 7 then looks in detail at the relationship between specific positions within managerial hierarchies and income. Much of the general interpretation of the link between class relations and income inequality developed in chapter 4 revolves around an analysis of the logic of hierarchy within the capitalist production process. The analysis in chapter 7 allows for a partial direct test of this interpretation.

Finally, chapters 8 and 9 apply the general categories developed in earlier chapters to an analysis of race and sex effects on income. If class really does play a fundamental mediating role in the structure of income inequality, then it would be expected that class position would be important for understanding income inequality between races and sexes. One of the most significant findings in the study is that the differential returns to education between blacks and whites and be-

tween men and women, which have been found in virtually every study of race and sex effects on income, disappear almost entirely when class position is held constant.

This empirical investigation will not "prove" that the overall Marxist theory of capitalist society is correct. But it does demonstrate that class has a systematic and pervasive impact on income inequality. We trust the book will show that to ignore social relations of production in stratification research is thus to ignore one of the fundamental dimensions of social inequality in capitalist society.

Acknowledgments

Acknowledgments usually end with a caveat: Although the author is deeply indebted to friends and colleagues for valuable suggestions and criticisms, all of the errors in the work are his or her own responsibility. If the production of knowledge is a genuinely social process, then both the strengths and weaknesses of a work must be understood as being influenced by its collective setting. This book should be evaluated in such terms. Just as the new insights and findings cannot be seen simply as the fruits of my own reflection, so the limitations of the study should not be seen simply as a failure of my own imagination. This work is the product of an historically specific intersection of academic sociology and Marxism; its strengths, and its weaknesses, reflect that setting.

More concretely, the strengths have grown out of a period of intense debate over fundamental questions of Marxist theory. The various

ideas in this study have been subjected to many rounds of criticism in various study groups, seminars, and conferences, and at the end of such a process it is impossible to identify those ideas that are my own and those that grew out of the discussions themselves. The weaknesses of the study, on the other hand, reflect the relative underdevelopment of quantitative research and sophistication among Marxists. This has hampered the quality of the response that I have received on the more empirical parts of the work from people committed to its theoretical framework. Many Marxists still regard quantitative research as intrinsically "undialectical" and thus an inappropriate strategy for advancing Marxist social science, and those Marxists who are more sympathetic to the endeavor generally lack the statistical skills to get inside the empirical argument. This study would undoubtedly have been better if its empirical strategies, and the links between the theory and the data, had been subjected to discussions as intense as was the theoretical framework itself.

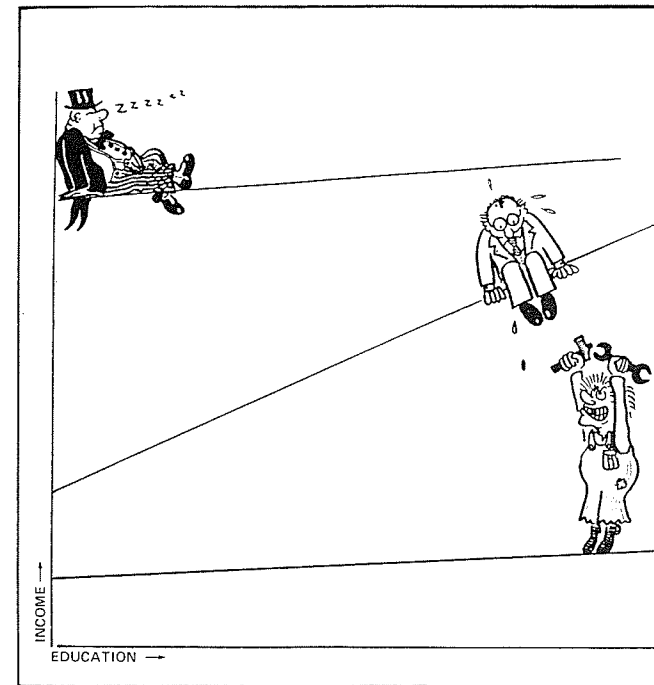
The original research in this study was conducted for my doctoral dissertation in the Sociology Department at the University of California, Berkeley. From the start, Arthur Stinchcombe was especially supportive of my work, and more than anyone else has taught me how to link quantitative methods to theoretical substance. His insistence that "what is interesting about Marxist theory is whether or not it is true" has constantly pushed me to clarify the connections between the theoretical argument and the statistical investigation. Barbara Heyns's good-natured skepticism about the importance of social relations of production and exploitation in understanding income inequality has forced me to make explicit many of the assumptions underlying the analysis. Michael Reich's comments and criticisms have also been extremely valuable. More than anyone else, he has pushed me to elaborate the political implications of the research and avoid getting bogged down in purely scholastic issues. And Tom Rothenberg's endless capacity to solve econometric problems encountered at each stage of the research and to explain the solutions in ways I could understand facilitated the technical part of the research immensely.

Many of the core ideas in the study, especially those in chapters 2 and 4, were formed through my participation in the editorial collective of the journal *Kapitalstate* between 1973 and 1976. I would also like to thank the many people who have given me written comments on various papers that served as the basis for several of the chapters in this study: Marcia Kahn Wright, Ron Aminzade, Sam Bowles, Wini Breines, Michael Burawoy, Roger Friedland, David Gold, Alex Hicks, Bob Jackson, Robert Kahn, Rebecca Kharkov, Andrew Levine, Ruth

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Parents are always part of their children's accomplishments. But I feel that I owe both of my parents an especially deep debt for encouraging my intellectual development for three decades and giving me the self-confidence necessary to make my own way and discover my own truths. In particular, I am grateful for whatever it was they did that made me enjoy writing.



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Finally, I would like to express my gratitude to a former fellow graduate student, Luca Perrone. During our first three years in graduate school, we coauthored most of the papers we wrote. This book is the direct descendant of one of those efforts (Wright and Perrone, 1975). At one point, we fantasized writing a joint dissertation, each of us submitting the same document for his doctorate degree. In the end, however, we were spared the trauma of trying to convince the university to accept a joint thesis, since Luca returned to Italy to teach sociology at the University of Calabria. Nevertheless, the basic strategy of the analysis and the core ideas of this study come equally from both of us. In order to be embodied more immediately in the final product, Luca has sent me the graphic illustration on page xxv of the fundamental conclusions of the research. Although this drawing may seem somewhat cryptic at this point, I hope that by the end of the study its meaning will be apparent.

I

THEORETICAL PERSPECTIVE