American Journal of Sociology, vol. 85, núm. 6, 1978, pp. 1368-1397.

Race, Class, and Income Inequality.

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The basic thesis of this paper is that class, defined within the Marxist tradition as common position within the social relations of production, mediates racial differences in income returns to education. That is, class position is viewed as a determinant of the extent to which education can be transformed into income, and thus it is hypothesized that much of the commonly observed racial difference in returns to education is a consequence of the distribution of racial groups into class categories. The results of the study strongly confirm this perspective: the differences in returns to education between black and white males largely disappear when the regression equations are run within class positions.

One of the most consistent findings of research on racial inequality is that black males receive considerably lower income returns to education than white males. Weiss (1970, p. 154) 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 as 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 $700 less than whites (net of occupation and region) in 1960; at the high school level this increased to $1,400, and at the college level, to $3,800. Duncan (1969) has shown that even after controlling for family background, number of siblings, and occupational status black males still receive lower returns to education than white males.[2]

[1] This research was supported by funds granted to the Institute for Research on Poverty at the University of Wisconsin—Madison by the Department of Health, Education, and Welfare, pursuant to the provisions of the Economic Opportunity Act of 1964. I would like to express my gratitude to Arthur Stinchcombe, Barbara Heyns, Michael Reich, and Luca Perrone for their comments and criticisms on various aspects of this work and to Aage Sørenson for his skepticism about an earlier draft of this paper. I would also like to thank James N. Morgan of the Institute for Social Research for making the data for this study available. The opinions expressed herein are the responsibility solely of the author.

[2] To my knowledge, the only study which claims to present findings different from these results is the research of Ross Stolzenberg (1973, 1975). Stolzenberg estimates a rather complicated income-determination equation within 67 detailed occupational categories for both black and white males. He then compares the partial derivatives of income with respect to education for the equations and finds that in nearly one-half of the occupational categories the partial derivative is larger for blacks than for whites. Thus, he concludes, "Earlier findings suggesting high within-occupation racial differences in wage returns to schooling . . . 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" (1975, p. 314). The problem with this conclusion is that Stolzenberg uses a natural logarithmic transformation of income, whereas Siegel (1965) uses raw dollars. This means that Stolzenberg is estimating rates of returns to education rather than absolute returns. The absolute returns to education within the detailed occupational categories may still not have differed significantly between blacks and whites, but Stolzenberg's results do not demonstrate this. I ran Stolzenberg's equation using the data in the present study, calculated the partial derivatives for all blacks and all 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 all 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 one-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.

None of these studies, however, has controlled for class position as understood within the Marxist tradition, that is, the position of individuals within the social relations of production. The underlying premise of a Marxist class analysis is that, while the diverse dimensions of social inequality cannot be reduced to class inequality, class relations nevertheless play a decisive role in shaping other forms of inequality. In the study of income inequality, this implies that class relations organize the structure of income inequality in the sense that class position shapes the ways in which other causes influence income. If this notion is correct, then an analysis of racial differences in income that ignores positions within the social relations of production is incomplete. More concretely, if it is true that the returns to education vary substantially across class positions, and if it is true that black and white males are distributed quite differently across class positions, then much of the racial difference in returns to education could in fact be a consequence of the class distribution of races. This paper will explore such a possibility.

OPERATIONALIZING CLASS

Before developing a series of explicit hypotheses about the interactions of race and class in the income-determination process, it is necessary to discuss briefly how the Marxist notion of class will be operationalized in this study.[3] When non-Marxists use the term "class," it generally designates a group of people who share common "life chances" or market positions (Weber 1968, p. 927; Giddens 1973; Parkin 1971, pp. 18–23), common positions within status hierarchies (Warner 1960; Parsons 1970, p. 24), or common positions within authority or power structures (Dahrendorf 1959, p. 138; Lenski

[3] For a more detailed discussion of this operationalization of class, see Wright (1976*b*, pp. 137–39). For an extended discussion of the concept of class within the Marxist tradition, see Wright (1976*a;* 1976*b*, pp. 20–90) and Poulantzas (1975).

1966, p. 95). In contrast to these usages, Marxists define classes primarily in terms of common structural positions within the social organization of production. In contemporary American society, this means defining classes in terms of positions within capitalist social relations of production.

For the purposes of the present analysis, position within the social relations of production will be defined according to two basic criteria: whether or not the individual owns his or her own means of production, and whether or not the individual controls the labor power of others (i.e., supervises people on the job). These two criteria generate four basic class positions, as illustrated in figure 1. "Ownership of the means of production" is operationalized by the question, "Do you work for yourself or someone else?" For self-employed individuals, "control of the labor power of others" is operationalized in terms of having employees; for individuals who are not self-employed, this criterion is operationalized by the question, "Do you supervise the work of others, or tell other employees what work to do?"

One further distinction will be made within this basic class schema. Clearly, some of the people who are placed in the manager/supervisor category are nominal supervisors. This would be the case, for example, for the head of a work team who serves as the conduit for orders from above but who lacks any capacity whatsoever to invoke sanctions on his or her fellow workers. Proper managers are thus distinguished from nominal supervisors by the question, "Do you have any say in the pay and promotions of your subordinates?"

It is important to be clear about the logic underlying these class categories. They are not simply proxies for occupations. "Occupation" designates the technical function performed by individuals within the labor process; "class" designates the social relationship within which those technical functions are performed. While, of course, different class positions include different mixes of occupations, every broad category of occupations is

		Ownership of the Means of Production: YES	Ownership of the Means of Production: NO
Control over the labor power of others	YES	Employers	Managers/Supervisors
	NO	Petty Bourgeoisie	Workers

FIG. 1.—Criteria for class position. In the upper left hand quadrant, the term "Employers" is used rather than "Capitalists," since in the present study most of the individuals in this category employ fewer than 10 workers. See Wright (1976*a*, pp. 35–36) for a discussion of small employers as a contradictory class location between the capitalist class and the petty bourgeoisie.

represented within each class category (Wright 1976*b*, pp. 168–73; Wright and Perrone 1977).

HYPOTHESES

The empirical investigation will revolve around six hypotheses.[4]

1. *Managers as a whole will receive much higher returns to education than workers.*—This basic result has already been established in an earlier study (Wright and Perrone 1975, 1977). The rationale underlying this hypothesis is based on an analysis of the specific position of managers within capitalist social relations of production. Specifically, this analysis suggests that within the managerial category there will be a strong link between income and hierarchical position on the one hand and hierarchical position and education on the other. The high returns to education within the managerial category are a result of this double link.

First, examine the link between hierarchy and income. The behavior of all employees within a capitalist organization is controlled by a combination of repressive sanctions and positive inducements. As one moves up the managerial hierarchy, however, the balance shifts between these two modes of control. While repressive controls may be effective in creating conformity to explicit rules, they are not terribly well suited to generating responsible and enthusiastic job performance. Because the managerial hierarchy is one of increasing responsibility (and, in a limited way, increasing power as well), there will be a tendency for the behavior of higher managers to be controlled more exclusively through a structure of inducements. The result is that managerial hierarchies will be characterized by a steep income gradient attached to authority position (Tannenbaum et al. 1974, p. 107), even when the education of managers is held constant (Wright 1976*b*, pp. 235–38).

Second, examine the relationship between educational credentials and hierarchical position. In both the working class and the managerial category, education is in part a determinant of the value of the labor power of the individual (or what non-Marxist economists typically call "human capital"). It is therefore to be expected that both workers and managers would receive a positive income return to their education. However, among managers, educational credentials serve a second function. In addition to creating genuine skills, education also serves as an institutional mechanism for legitimating inequalities of power within capitalist organizations. In practice,

[4] All of the hypotheses that follow center on the relationship of the working class and the managerial category to racial differences in returns to education. Since such a small percentage of black males are either capitalists or petty bourgeois it is impossible, using the sample available for this study, to examine systematically the interactions of these class positions with race.

this means that there will be a general tendency for people with lower credentials not to be promoted above people with higher credentials, and thus there will be a tendency for managerial hierarchies to be characterized by rather steep educational credential gradients (Tannenbaum et al. 1974, p. 112).

The combination of this steep education gradient and steep income gradient associated with hierarchy means that the managerial category as a whole will be characterized by an especially high return to education. That is, in addition to the direct return to education resulting from increases in the market value of labor power (skills), which both managers and workers receive, managers receive an additional increment of income for education, stemming from the link between the legitimation function of education within hierarchies and the use of income as a control mechanism within authority hierarchies. (For a more detailed discussion of this interpretation, see Wright and Perrone 1977; Wright 1976*b*, pp. 105–10.)

2. *Black males will be more concentrated in the working class than white males.*—While we will not explore the actual mechanisms by which individuals are sorted into class positions, it is nevertheless predicted that one outcome of this sorting process is that blacks will be more heavily concentrated in the working class than whites.

3. *When class position is ignored, black males will receive lower returns to education than white males.*—This is the standard finding in sociological studies of racial differences in returns to education. It will be formally tested in order to show that the usual results hold for the data used in the present study.

4. *Within the working class, the returns to education for black and white males will be much more similar than for all blacks and all whites.*—If at least part of the overall difference in returns to education for blacks and whites is a consequence of the class distributions of the two racial categories, then it would be expected that within the working class itself the returns should be much more similar. While white workers may be in relatively privileged working situations as compared with black workers, neither white nor black workers occupy positions of authority (by definition) and, thus, neither receive the legitimation increment of returns to education discussed in hypothesis 1.

5. *Within the supervisor category, the returns to education for black and white males will be more similar than for all blacks and all whites.*—The argument here is essentially the same as that presented in hypothesis 4. To the extent that the overall racial differences in returns to education are a consequence of class distribution, within a single class position—in this case, the very bottom level of the managerial hierarchy—the returns for blacks and whites should be much more similar than for all blacks and whites.

6. *Within the managerial category, black males will have lower returns to education than white males.*—The argument in hypothesis 1 concerning the high returns to education of managers hinges on the dual link between education and hierarchical position and between income and hierarchical position. If a particular category of managers is highly concentrated at the bottom of the authority structure, then this education-hierarchy legitimation mechanism will tend to be attenuated. Although no data are available in the present study concerning the hierarchical distribution of race within the manager category, white males can be expected to be much more evenly distributed throughout the hierarchy than black males. If this is the case, then within the managerial category the returns to education for black males should be considerably smaller than returns for white males.

DATA

The data for this study come from the eighth wave of the *Panel Study of Income Dynamics* (Institute for Social Research 1975) conducted by the Institute for Social Research (ISR) at the University of Michigan. While in the original year of the panel study the sample was a random sample of 5,000 households, by the eighth year of the study, because of successive nonresponses, the sample was no longer genuinely random.[5] While this probably will not seriously affect the regression results, it certainly may affect hypothesis 2, concerning class distribution of races. Two other data sets, the 1969 Survey of Working Conditions and the 1973 Quality of Employment Survey (both from ISR), will thus be used for hypothesis 2.[6] Throughout the analysis, the samples will be restricted to active participants in the labor force.

EQUATIONS

In order to test the hypotheses about class and race interactions with returns to education, two regression equations will be estimated for each of the race-class groups being compared:[7]

[5] Two things need to be noted concerning nonrandomness of the sample in the *Panel Study of Income Dynamics*. First, whenever an individual left the original household in the study (because of divorce, high school graduation, etc.), the "split-off" was also included in the subsequent years of the panel. Thus, the sample is not particularly skewed on age distribution. Second, a fairly complex system of weights has been devised to correct, at least partially, for nonrandomness in nonresponse. Thus, the regression results in the present study are probably reasonably reliable in spite of the nonrandomness of the sample.

[6] A discussion of these data sets can be found in Wright (1976*b*, pp. 132–35).

[7] The significance of the slope differences between groups will be assessed using the conventional dummy-variable interaction model (Kmenta 1971, pp. 419–23). This means that, if we are comparing the education slopes for two groups, the t-test would be:

$$t = (B_{11} - B_{12})/\sqrt{(\nu_1 s^2_{B_{11}} + \nu_2 s^2_{B_{12}})/(\nu_1 + \nu_2)}\,,$$

$$\text{Income} = a + b_1\text{Education}, \quad (1)$$

and

$$\text{Income} = a + b_1\text{Education} + b_2\text{Occupational Status} + b_3\text{Age} + b_4\text{Seniority} + b_5\text{Father's Status} + b_6\text{Father's Education} + b_7\text{Parental Economic Condition} + b_8\text{Annual Hours Worked}. \quad (2)$$

While the present study will not investigate the more complex structural equation model which underlies the second equation, this equation is nevertheless important in assessing the extent to which the class interactions observed in equation (1) may be consequences of the class distributions of the various control variables in equation (2). Thus, for example, if in hypothesis 1 the greater returns to education for managers were entirely due to the occupational status distribution across class categories, then, when occupational status is included in the equation, the differential returns to education between classes should be substantially reduced. All of the control variables in equation (2) are to a greater or lesser extent either causes or consequences of education, and all of them can also be plausibly thought to vary with class position. By controlling for these variables in equation (2), we will be able to see if the differences in education coefficients between the various groups being compared can be considered direct consequences of class and race.[8]

where B_{11} is the education coefficient for group 1, B_{12} is the education coefficient for group 2, $s^2_{B_{11}}$ and $s^2_{B_{12}}$ are the standard errors of the coefficients for groups 1 and 2, respectively, and ν_1 and ν_2 are the degrees of freedom for groups 1 and 2, respectively. The denominator in this t-test is the standard error of the education $\times$ class-dummy interaction term in the usual dummy-variable interaction model. It can be computed equally well from the separate regression equations for the two groups using the above formula.

[8] A brief comment about the kind of information contained in these regression equations might clarify the logic of eq. (2). These equations describe characteristics of positions in a social structure. While the data are tagged onto individuals, the equations themselves do not adequately describe individual income-attainment processes, but only the income-determination process for certain structural locations. Since we have no data on how individuals are sorted into structural positions, and since education obviously may play an important role in this sorting process, the education coefficients in the various equations may say very little about individual returns to education. What they describe is the return to education which characterizes the position "worker," "manager," "black worker," etc. Now, positions within a social structure can be characterized along many dimensions. Marxists assert that the critical dimension of position within social structures is class relations. Other social scientists have argued explicitly or implicitly that occupational status or the social backgrounds selected into positions are the key dimensions. Equation (2) in effect holds constant a variety of positional dimensions which have some claim to being important determinants of the relationship between education and income. To the extent that class and race positions differ on education coefficients even when all of these factors are held constant, these coefficient differences can be considered direct, unmediated consequences of the class-race positions themselves. (See Wright and Perrone 1977, p. 38, for a further discussion of this issue.)

VARIABLES

The variables to be included in the analysis are measured as follows.

1. *Income* is measured by total annual taxable income received by the individual. In addition to wage and salary income, this variable includes income from assets, interest, and other sources of unearned income. Both regression equations were also estimated for three other income variables: annual earnings, an estimate of "permanent income" (an average of income over the previous seven years), and imputed hourly wage (wage and salary income divided by total annual hours worked). In none of the comparisons of racial differences in returns to education did the results differ significantly for these alternative income variables (see Wright 1976*b*, pp. 328–39).

2. *Education* is operationalized by a quasi-credential scale in which:

0 = no schooling or illiterate,
1 = less than elementary school,
2 = elementary school,
3 = some high school,
4 = completed high school,
5 = high school plus some nonacademic training,
6 = some college,
7 = college degree, and
8 = graduate training.

3. *Occupational Status* is measured by the standard Duncan SEI scores. These scores were available only for the seventh wave of the panel study (1974), while the class position questions were asked only in the eighth wave. This means, in effect, that we have the individual's occupational status score at the beginning of the year in which income was earned and his class position at the end of the year (i.e., the beginning of the following year).[9]

4. *Age* is included in the regression both as a rough control for cohort effects and as a rough measure of years of experience in the labor market.

5. *Seniority* designates the number of years the individual has worked for the same employer, or the number of years an individual has been self-employed in the same business.

6. *Father's Status* is measured by the average SEI score for the father's gross-census occupation category. While this is clearly a much weaker variable than a status score based on the three-digit occupation classification, it is the best available from the panel study data.

[9] One other minor point concerning the status variable needs mentioning: about 6% of the sample represents "split-offs" in the 1975 year of the survey, that is, those who left a household after the 1974 survey and set up a new family unit. For these people a three-digit occupation classification was not available, and thus in these cases the Duncan score is based on the average SEI value for the gross-census occupation categories.

7. *Father's Education* is measured by the same scale as respondent's education.

8. *Parental Economic Condition* is a scale reflecting the respondent's subjective perception of parents' economic status in which:

1 = parents generally poor,
2 = parents generally about average, and
3 = parents generally well-off.

9. *Annual Hours Worked* is a product of the number of weeks worked in the previous year and the average number of hours worked per week.

The means and standard deviations for each of these variables for each of the race and class groups included in this study are given in table 1.

RESULTS

Hypothesis 1: Managers as a whole will receive much higher returns to education than workers.—Table 2 indicates that, in the simple regression of income on education, workers receive $851 for each increment in education while managers/supervisors receive $1,689. When the various control variables in equation (2) are added, the returns for workers are $655, while the returns for managers/supervisors are $1,169. In both cases, the difference in returns is significant at the .001 level. This hypothesis is thus strongly confirmed.

The theoretical rationale for this hypothesis centers on the relationships among hierarchical position, education, and income. If this rationale is correct, then it would be expected that the high returns to education among managers/supervisors would disappear if we examined a single hierarchical level within the managerial hierarchy. In a limited way, we can test this proposition by examining separately the returns to education among mere supervisors (positions which involve no say over pay and promotions) and proper managers, since mere supervisors can be considered the bottommost level of the hierarchy. As can be seen in table 2, mere supervisors differ hardly at all from workers in returns to education (although they receive more income at every level of education), whereas proper managers receive much higher returns.

One obvious objection to these results is that the true relationship between educational credentials and income might be curvilinear. Thus, what appear to be slope differences between workers and managers might in fact simply be a consequence of the two linear regressions reflecting different parts of a single, nonlinear credential-income function. Figure 2 presents the relationship between the linear regressions in table 2 and the mean incomes for each educational level for workers, managers, and supervisors. Table 3 indicates the R^2 for equation (1) using the credential scale and using a series of dummy variables to represent the individual levels of the scale. Both the visual

TABLE 1

MEANS AND STANDARD DEVIATIONS OF VARIABLES USED IN REGRESSION EQUATIONS

	Annual Taxable Income ($)	Education	Occupational Status	Age (Years)	Seniority (Years)	Father's Education	Father's Status	Parents' Economic Condition	Annual Hours Worked
Workers	10,976	4.4	34.0	36.5	6.7	2.9	29.5	2.5	2,047
	(5,929)	(1.8)	(21.8)	(13.0)	(7.5)	(1.7)	(18.4)	(1.5)	(591)
Managers/supervisors	15,257	5.3	49.5	39.1	7.7	3.2	34.3	2.6	2,300
	(8,111)	(1.8)	(23.4)	(12.3)	(8.0)	(1.8)	(20.3)	(1.5)	(581)
Supervisors	12,266	4.9	42.2	38.3	7.4	3.1	32.4	2.6	2,189
	(6,081)	(1.8)	(23.5)	(13.2)	(7.9)	(1.7)	(19.7)	(1.5)	(578)
Managers	18,090	5.6	56.6	40.0	8.0	3.4	36.2	2.7	2,412
	(8,770)	(1.7)	(20.7)	(11.2)	(8.1)	(1.8)	(20.7)	(1.5)	(559)
Whites	14,615	5.0	43.8	38.7	8.0	3.1	33.1	2.7	2,231
	(11,133)	(1.8)	(24.0)	(13.0)	(8.8)	(1.7)	(19.7)	(1.5)	(657)
Blacks	9,307	3.8	28.0	37.4	7.3	2.4	22.4	2.1	2,050
	(5,408)	(1.8)	(20.5)	(13.1)	(7.6)	(1.4)	(16.3)	(1.5)	(630)
White workers	11,339	4.6	36.0	36.6	6.8	3.0	31.0	2.6	2,055
	(6,020)	(1.8)	(22.0)	(13.0)	(7.6)	(1.7)	(18.5)	(1.5)	(589)
Black workers	8,469	3.6	24.1	36.1	6.8	2.3	20.2	2.2	1,964
	(4,411)	(1.6)	(16.8)	(13.3)	(7.3)	(1.2)	(13.5)	(1.6)	(555)
White supervisors	12,519	5.0	43.1	38.4	7.5	3.2	32.8	2.7	2,189
	(6,111)	(1.8)	(23.4)	(13.5)	(8.0)	(1.7)	(19.6)	(1.5)	(584)
Black supervisors	8,646	3.6	28.2	36.7	7.1	2.4	25.2	2.0	2,191
	(4,071)	(1.8)	(20.3)	(10.2)	(7.2)	(1.7)	(19.2)	(1.4)	(596)
White managers	18,301	5.6	57.3	40.0	7.8	3.4	36.6	2.7	2,412
	(8,708)	(1.6)	(20.0)	(11.3)	(8.0)	(1.8)	(20.6)	(1.5)	(539)
Black managers	13,250	4.8	46.2	39.9	11.4	2.7	31.1	1.6	2,321
	(6,090)	(1.9)	(28.8)	(11.5)	(9.4)	(1.8)	(23.6)	(1.1)	(841)

NOTE.—Standard deviations are numbers in parentheses.

TABLE 2

COMPARISON OF RETURNS TO EDUCATION FOR WORKERS, MANAGERS/SUPERVISORS, MANAGERS, AND SUPERVISORS

A. REGRESSION EQUATIONS

Dependent Variable (Total Annual Taxable Income)	Unadjusted Constant	Education	Occupational Status	Age (Years)	Seniority (Years)	Father's Education	Father's Occupational Status	Parents' Economic Condition	Annual Hours Worked	R^2
Workers ($N=1,715$):[a]										
Eq. (1):										
B	7,193	851.4	...	...	...	...	...	...	...	.066
(SE)	...	(77.3)	...	...	...	...	...	...	...	...
Beta	...	.26	...	...	...	...	...	...	...	...
Eq. (2):										
B	−6,627	655.1	67.9	122	124	249	−30	263	3.2	.369
(SE)	...	(92.8)	(7.0)	(11)	(18)	(89)	(7.6)	(87)	(.19)	...
Beta	...	.20	.25	.27	.16	.07	−.09	.07	.32	...
Managers/ supervisors ($N=1,014$):										
Eq. (1):										
B	6,382	1,689.1	...	...	...	...	...	...	...	.135
(SE)	...	(133.5)	...	...	...	...	...	...	...	...
Beta	...	.37	...	...	...	...	...	...	...	...
Eq. (2):										
B	−7,145	1,168.7	98.6	140	127	−251	29	−422	2.6	.373
(SE)	...	(153.4)	(11.0)	(21)	(29)	(143)	(12)	(152)	(.35)	...
Beta	...	.25	.28	.21	.13	−.05	.07	−.08	.18	...
Supervisors ($N=535$):										
Eq. (1):										
B	8,065	854.6	...	...	...	...	...	...	...	.065
(SE)	...	(140.4)	...	...	...	...	...	...	...	...
Beta	...	.25	...	...	...	...	...	...	...	...
Eq. (2):										
B	−3,468	855.8	54.5	78	176	−157	28	−512	2.7	.349
(SE)	...	(161)	(11.4)	(21)	(31)	(170)	(14)	(166)	(.37)	...
Beta	...	.26	.21	.17	.23	−.05	.09	−.13	.25	...

TABLE 2 (*Continued*)

Dependent Variable (Total Annual Taxable Income)	Unadjusted Constant	Education	Occupational Status	Age (Years)	Seniority (Years)	Father's Education	Father's Occupational Status	Parents' Economic Condition	Annual Hours Worked	R^2
Managers ($N=479$):										
Eq. (1):										
B	6,481	2,081.6	...	...	...	...	...	...	...	.155
(SE)	...	(222)	...	...	...	...	...	...	...	...
Beta	...	.39	...	...	...	...	...	...	...	...
Eq. (2):										
B	−6,903	1,402.7	115.8	184	80	−379	29	−291	1.5	.339
(SE)	...	(258)	(20)	(37)	(48)	(216)	(18)	(246)	(.60)	...
Beta	...	.27	.27	.24	.07	−.08	.07	−.05	.10	...

B. COMPARISON OF RETURNS TO EDUCATION

	Workers Compared to Managers and Supervisors		Workers Compared to Managers Only		Workers Compared to Supervisors Only	
	Eq. (1)	Eq. (2)	Eq. (1)	Eq. (2)	Eq. (1)	Eq. (2)
Difference in education coefficients	838	514	1,231	748	4	201
t-value of difference	8.2*	4.3*	9.9*	5.1*	<1	1.7
Workers slope as % of other	50	56	41	47	99	77

[a] The *N*s are the number of actual cases used in the regression (unweighted *N*). The regression coefficients are estimated using the weighted sample; the standard errors are calculated on the basis of the unweighted *N*.

* Significant at the .001 level (one-tailed test).

inspection of figure 2 and the closeness of the R^2 using the dummy variables and a single scale in table 3 indicate that the relationship of credentials to income is reasonably linear within each class category. The differences in slopes thus cannot be interpreted as artifacts of a single curvilinear relationship between income and credentials for both classes.

Hypothesis 2: Black males will be more concentrated in the working class than white males.—Table 4 gives the class distribution of black and white males based on an average of the 1969 Survey of Working Conditions and the 1973

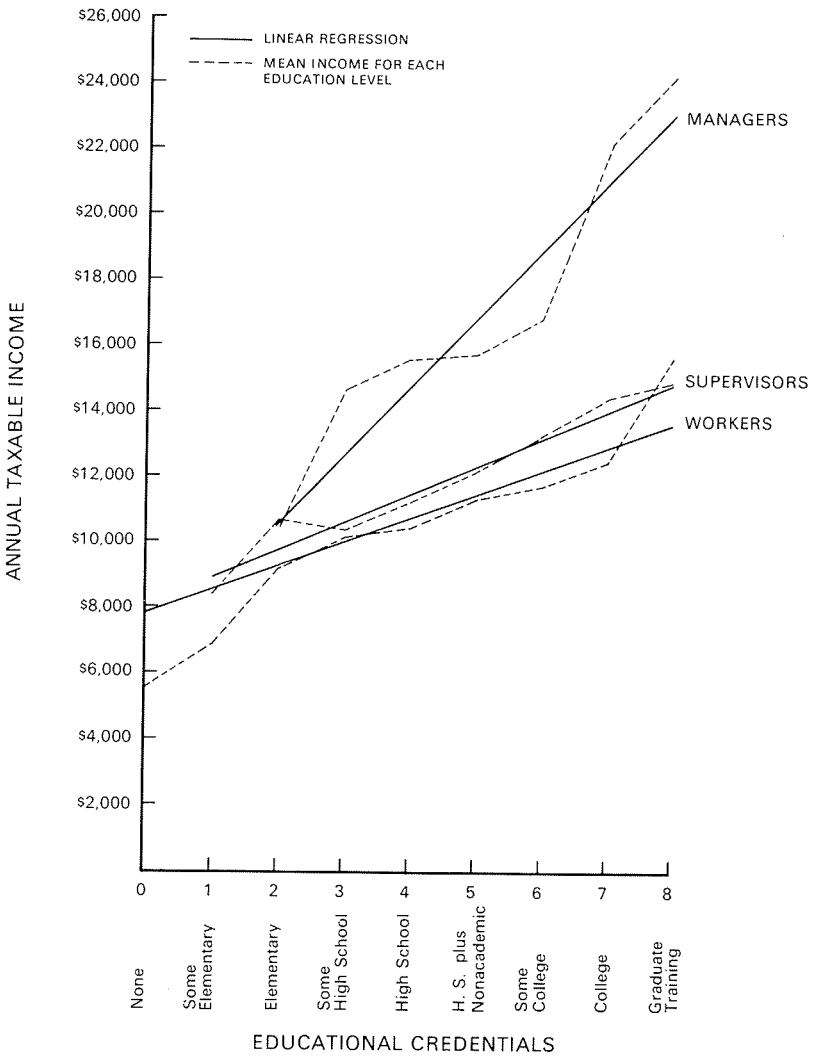

FIG. 2.—Relationship of income to education for workers, supervisors, and managers

TABLE 3

COMPARISON OF EXPLAINED VARIANCE USING EDUCATION SCALE AND EDUCATION DUMMIES

(Annual Income = Dependent Variable)

	R^2 Using Education Credential Scale	R^2 Using Education Dummies
Equation for:		
Workers	.066	.069
Managers/supervisors	.135	.154
Supervisors	.065	.065
Managers	.155	.180

Quality of Employment Survey and the distribution for the panel study. Because of the problems of nonrandomness in the panel study, the average of the two earlier surveys is undoubtedly a more accurate estimate of the actual class distribution of races. It is clear from these results that black males are indeed more concentrated in the working class than white males: 61% of all black males compared with only 40% of white males fall within the working class.[10]

Hypothesis 3: When class position is ignored, black males will receive lower returns to education than white males.—Table 5 presents the regression equations for all blacks and all whites, for black and white workers, for black and white supervisors, and for black and white managers. Figure 3 graphically presents the results for the simple regression of income on education. Table 6 presents the statistical tests for significance of the differences in returns to education for various race-class comparisons. In the simple regression of income on education, white males receive $1,419 for each increment in education; black males receive only $860. When the controls in equation (2) are added, the returns among white males decrease to $1,147 and among black males to $614. Both of these differences are significant at the .001 level. Thus, as in most studies of black-white differences in returns to education, black males as a whole do receive lower returns than white males as a whole.

Hypothesis 4: Within the working class, the returns to education for black and white males will be much more similar than for all blacks and all whites.—In the simple regression of income on education, the returns for all black males are less than one-half of the returns for all white males; within the working

[10] If anything, these figures underestimate the proportion of the black male population in the working class, since unemployed persons are excluded from both the Survey of Working Conditions and the Quality of Employment Survey. If one assumes that most unemployed black males belong in the working class, then the actual proportion of black males who are workers would probably be closer to 70% or 75%, and of white males closer to 45% or 50%.

TABLE 4

CLASS DISTRIBUTION WITHIN RACE CATEGORIES

	Average of Survey of Working Conditions, 1969, and Quality of Employment Survey, 1973, Distribution		Panel Study of Income Dynamics, 1975[a]					
			White Males			Black Males		
				Weighted	Unweighted		Weighted	Unweighted
	White Males	Black Males	%	*N*	*N*	%	*N*	*N*
Employers	11.5	4.9	10.9	302	217	4.1	11	31
Supervisors and managers	40.2	32.5	39.3	1,090	812	24.7	66	198
Supervisors	...	...	18.9	524	401	13.1	35	126
Managers	...	...	20.4	566	411	11.6	31	72
Workers	43.5	61.4	44.2	1,225	984	69.7	186	657
Petty bourgeoisie	4.9	1.2	5.5	153	117	1.5	4	15
Total	100	100	100	...	...	100	...	...
N	2,100	168	...	2,770	2,130	...	267	901

[a] Percentages are calculated on the basis of the weighted *N*. The weights are designed to correct for oversampling in the original sample design and differential attrition rates during the first four waves of the panel.

TABLE 5

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):[a]										
Eq. (1):										
B	5,583	1,818.6	...	...	...	...	...	...	...	.087
(SE)	...	(127.1)	...	...	...	...	...	...	...	...
Beta	...	.30	...	...	...	...	...	...	...	...
Eq. (2):										
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. (2):										
B	−5,273	64.1	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. (2):										
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	.19	...

TABLE 5 (*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. (2):										
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. (2):										
B	−2,163	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. (2):										
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	...

TABLE 5 (*Continued*)

	Unadjusted Constant	Education	Occupational Status	Age	Seniority	Father's Education	Father's Occupational Status	Parents' Economic Condition	Annual Hours Worked	R^2
White managers (N = 405):										
Eq. (1):										
B	6,429	2,107.4	...	...	...	...	...	...	...	.153
(SE)	...	(247.0)	...	...	...	...	...	...	...	...
Beta	...	.39	...	...	...	...	...	...	...	...
Eq. (2):										
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)	(.67)	...
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. (2):										
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	...

[a] The Ns are the number of actual cases used in the regression (unweighted N). The regression coefficients are estimated using the weighted sample; the standard errors are calculated on the basis of the unweighted N. The discrepancies between the Ns in this table and those in table 4 are due to missing data.

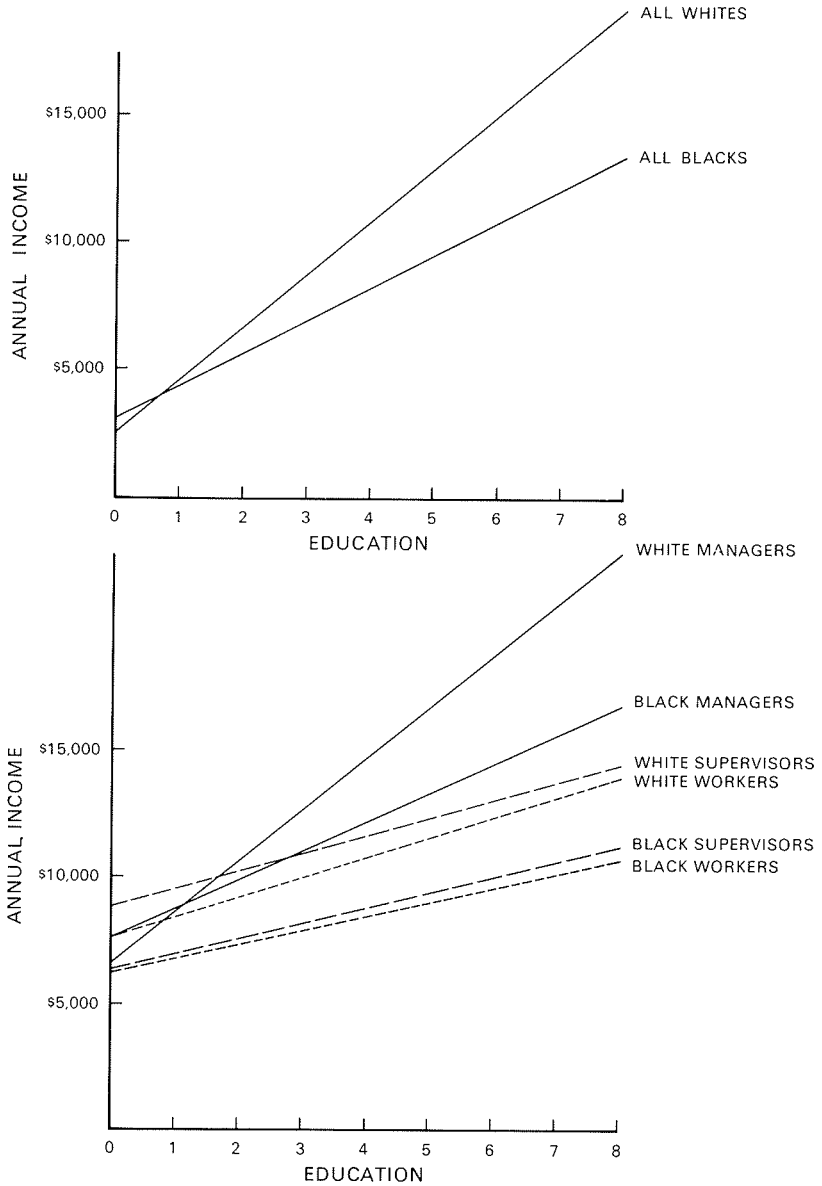

FIG. 3.—Returns to education for blacks and whites in different class positions

TABLE 6

COMPARISON OF RETURNS TO EDUCATION FOR BLACK AND WHITE MALES ACROSS CLASS CATEGORIES AND WITHIN CLASS CATEGORIES

	RETURNS TO EDUCATION	
	Eq. (1)	Eq. (2)
All black and white males:		
Slope difference	959	533
t-value of difference	8.1*	3.6*
Black slope as % white slope	49	54
% difference in eq. (1) eliminated by the controls in eq. (2)	...	44
Workers:		
Slope difference	192	7
t-value of difference	1.8	<1
Black slope as % white slope	76	99
% difference in eq. (1) eliminated by the controls in eq. (2)	...	97
Supervisors:		
Slope difference	93	−216
t-value of difference	<1	<1
Managers:		
Slope difference	938	1,991
t-value of difference	3.5*	6.3*

* Significant at the .001 level (one-tailed test).

class, on the other hand, the returns for black males are slightly over 75% of the returns for white males. What is more, when the controls in equation (2) are added, the returns for black male workers become virtually identical to the returns for all white workers, while the returns for all black males are still only 54% of the returns for all white males. This suggests that, within the working class, most of the difference between black and white males in returns to education observed in the simple regression of income on education is mediated by the control variables in equation (2), whereas this is not the case for all blacks and all whites.

Hypothesis 5: Within the supervisor category, the returns to education for black and white males will be more similar than for all blacks and all whites.—As in the case of black and white workers, this expectation is strongly supported by the results. In the simple regression, black male supervisors receive only $93 less returns to education than do white male supervisors, and in equation (2) they actually receive returns $200 greater (although the difference is statistically insignificant).

Hypothesis 6: Within the managerial category, black males will have lower returns to education than white males.—As predicted, in both regression equations black male managers receive significantly lower returns to education than white male managers. However, it was not expected that the returns to education among black male managers would be essentially zero

in the multiple regression equation. The expectation was merely that, because of restrictions of blacks to lower levels of the authority hierarchy, the hierarchical-promotion mechanism would be blunted among black managers, and thus the returns to education would be less among black than among white male managers. There was no a priori expectation that those returns would disappear entirely in equation (2).

One possible clue to these results might be found in the occupational distribution among white and black managers (table 7). As would be expected, black male managers are considerably more concentrated than white male managers among unskilled and semiskilled manual occupations (38.5% compared with 13%, respectively). What is somewhat surprising is the much higher proportion of black managers who are teachers compared with white managers (13% compared with 2%, respectively). Expressed in a different way, nearly 60% of the black managers in professional or technical occupations are teachers as compared with less than 10% of white professional-technical managers. Remember, these are proper managers, people who, unlike mere supervisors, state that they have some say in the pay and promotions of their subordinates. This implies that teacher-managers either occupy administrative positions within their educational institutions or direct research projects in which they authorize the pay and promotions of research staff (all but one of the teacher-managers were college or university teachers).

If the regressions in table 5 are rerun excluding teachers from the managerial category, the results conform much more to expectation (table 8). Black male managers still have significantly lower returns to education than do white male managers, but the returns are not nearly as small as returns in the regressions that included teachers.

I cannot offer a particularly coherent explanation for why the presence of

TABLE 7

OCCUPATIONAL DISTRIBUTION AMONG MANAGERS FOR BLACK AND WHITE MALES (%)

	White Males	Black Males
Professional, technical, and kindred	24.6	22.5
Professionals	19.3	9.3
Technicians	3.0	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 miscellaneous	13.1	38.5
Total	100	100

TABLE 8

RETURNS TO EDUCATION FOR BLACKS AND WHITES WITHIN THE MANAGER/SUPERVISOR CATEGORY, EXCLUDING TEACHERS

	Total Annual Income	
	Eq. (1)	Eq. (2)
Supervisors:		
White males	732	761
	(182)	(208)
Black males	506	934
	(217)	(350)
Difference	226	−173
t-value	1.1	<1
Managers:		
White males ($N=385$)	2,154	1,570
	(256)	(293)
Black males ($N=60$)	1,582	880
	(476)	(473)
Difference	572	690
t-value	2.0*	2.1*

NOTE.—Numbers in parentheses are standard errors.
* Significant at .05 level.

so many teachers among black managers should have such a drastic effect on the education coefficient in equation (2). Most likely, this result has something to do with the interrelationship of education, occupational status, and income among this specific subgroup of managers. To say this, however, merely describes the problem; it does not provide a theoretical explanation.

DISCUSSION: THE INTERPLAY OF RACISM AND CLASS RELATIONS

It would be a mistake to interpret these results as indicating that all racial discrimination is really disguised class oppression. While it is true that the differential returns to education for blacks and whites largely disappear when we control for class (except in the case of managers), this does not imply that race is an insignificant dimension of inequality in American life. The empirical and theoretical problem is to sort out the complex interplay of racism and class relations, not to absorb the former into 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 as compared with 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 in 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, etc.). 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 important, because of the necessity to legitimate the social relations of domination embodied in managerial hierarchies, racism will tend directly 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 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 paper 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 of 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.[11] Capitalism simultaneously undermines and reproduces racism, and it is essential to disentangle these two tendencies if one is to genuinely understand the relationship between class and race in contemporary capitalism.

One of the basic dynamics of capitalist development stressed by Marx, as

[11] For a critique of instrumentalist views in Marxist theory, see Gold, Lo, and Wright (1975) and Esping-Anderson, Friedland, and Wright (1976).

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 the capital accumulation process, the more labor 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*, there will therefore be systemic tendencies in capitalism to reduce racial discrimination in the labor market and to treat black labor power as identical with any other labor power.

But this is only one side of the story. Capitalism is not just a system of capital accumulation; it is also a class system in which workers struggle against capitalists, both over their condition as sellers of labor power and potentially over 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 thus the capacity of workers to win demands against capital is decreased. 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.[12] As a divide-and-conquer strategy, racism thus serves the interests of capitalists, both as individuals and as a class.[13]

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 reproduction as the dominant

[12] While Marxists have often claimed that racism hurts white as well as black workers, until recently there have not been any systematic empirical investigations of this proposition. Two recent studies deal directly with this question. Reich (1971, 1973) shows that, in the 50 largest SMSAs, the greater the racial inequality in median family earnings, the greater the inequality of earnings among whites (as measured by the Gini coefficient for earnings among whites) and the weaker the level of unionization. Szymanski (1976) shows that, for the 50 states, the greater the inequality between black and white median earnings, the lower the median earnings of white males and the greater the inequality among whites (again, measured by Gini coefficients). Both of these sets of results indicate that racism, in dividing the working class, leads to an increase in exploitation of all workers.

[13] The analysis of racism as a divide-and-conquer strategy has been perhaps the central theme in Marxist treatments of the subject. Marx emphasized this issue in his various discussions of the "Irish Question." In 1870, for example, he wrote, "The English bourgeoisie has not only exploited the Irish poverty to keep down the working class in England by forced immigration of poor Irishmen, but it has also divided the proletariat into two hostile camps. . . . In all the big industrial centers in England there is profound antagonism between the Irish proletariat and the English proletariat. The average English worker hates the Irish worker as a competitor who lowers wages and the standard of life. . . . This antagonism among the proletarians of England 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, p. 162).

class.[14] 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 the supply of labor is relatively abundant and when individual differences between laborers make little difference to productivity (because of routinization, automation, etc.), 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 therefore 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.

While the present study does not deal with this historical process, the data in the research nevertheless can be related to both sides of this contradictory tendency within capitalism, that is, 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 3 and table 5 clearly indicate that, while black and white workers receive similar returns to education, black-worker income is less than white-worker income at every level of education. One way of assessing this gap in income is to see what the expected difference in income between a black and white male worker would be if they both had some intermediate value on the independent variables included in the equation. In table 9 this gap is calculated at levels of the independent variables halfway between the means for each group in the comparison being made.[15] 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.

[14] Both Marxist theory and neoclassical economics recognize that the inherent economic logic of capitalism is to reduce progressively economic divisions between races, in terms of both income and occupation. The difference (in these terms) between the two perspectives is that neoclassical economics treats capitalism solely as an economic system and ignores the fundamental class antagonisms within that system. Thus, the political and ideological imperatives of controlling the working class play no role in the theory. Instead of seeing the relationship of capitalism to racism as an intrinsically contradictory process, neoclassical economics typically treats racism as a problem of individual "tastes" for discrimination on the part of employers and workers (see Becker 1971, pp. 13–18).

[15] Thus, in the simple regression of income on education for the comparison of black and white workers, the income gap is assessed at a value of education equal to $(\bar{E}_{\text{black worker}} + \bar{E}_{\text{white worker}})/2$. The statistical significance of this income gap can be tested in a way exactly analogous to the test of slope differences, only in this case a t-test is performed on the differences between constant terms adjusted to the appropriate values of the independent variables (see Wright 1976*b*, pp. 55–57).

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 within classes should probably be directly attributed to racial discrimination. In terms of Marxist theory, these results strongly suggest that black workers are exploited at a higher rate than white workers and that racism has generated real, material divisions between races within the working class.[16]

TABLE 9

INCOME GAPS[a] BETWEEN RACES WITHIN CLASS CATEGORIES

	Mean Income ($)	Eq. (1)[b]	Eq. (2)[b]
All respondents:			
Gap in income	5,308	3,698	1,868
Black expected income as % of white expected income	64	73	85
% difference in means eliminated by controls	...	30	65
t-value of gap	...	16.4*	8.1*
Workers:			
Gap in income	2,870	2,203	1,428
Black expected income as % of white expected income	75	80	86
% difference in means eliminated by controls	...	23	49
t-value of gap	...	11.9*	8.9*
Supervisors:			
Gap in income	3,872	2,896	2,140
Black expected income as % of white expected income	69	76	82
% difference in means eliminated by controls	...	25	45
t-value of gap	...	8.6*	6.8*
Managers:			
Gap in income	5,051	3,707	3,011
Black expected income as % of white expected income	72	79	83
% difference in means eliminated by controls	...	27	40
t-value of gap	...	8.0*	6.8*

[a] 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.

[b] Independent variables in eq. (1) = education only; independent variables in eq. (2) = education, age, seniority, background, occupational status, and annual hours worked.

* Significant at the .001 level (one-tailed test).

[16] In order to interpret these results as indicating a higher rate of exploitation of black labor, it is necessary to assume that two workers who have the same values on all of the variables in eq. (2) 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). Since eq. (2) contains annual hours worked, 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

Ultimately, the political thrust of the Marxist theory of racism hinges on the other side of the contradiction: that, in spite of the divisive character of racism and in spite of the material differences between black and white workers which racism generates, workers of all races nevertheless share a fundamental class situation and thus share fundamental class interests.[17] The central finding of this study—that black and white workers have very similar returns to education—reflects this common class situation. Table 5 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), which 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 gaps between either black or white workers and small employers. Figure 4 indicates the expected incomes of each race and class category assessed at the level of the independent variables of white employers.[18] 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 less than the mean white employers' income, whereas the mean black workers' income is only $2,900 less than the mean white workers'

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, we are, if anything, underestimating the differences in rates of exploitation by looking exclusively at direct income. Second, if black workers as a whole are overqualified for the jobs which they hold, wage differences could reflect in part 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 potential 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 (1976*b*, pp. 120–31).

[17] "Fundamental" class interests refer to interests defined across modes of production (i.e., interests in capitalism vs. interests in 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 categories of labor within the working class) and still share fundamental class interests. For a discussion of the importance of the distinction between fundamental and immediate interests, see Wright (1978, chap. 2).

[18] This procedure is basically similar to the familiar cross-substitution technique employed by Duncan (1969) and others.

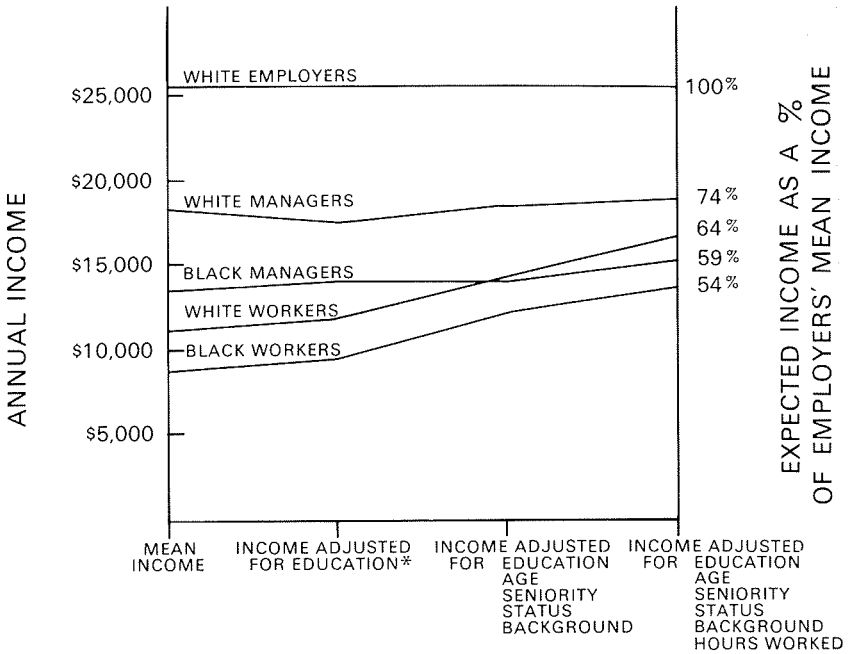

FIG. 4.—Comparison of income differences between races and classes

income. When the various controls in equation (2) 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 common position of black and white workers within the social relations of production generates a basic unity of economic situation.

The results of this study have important implications for both Marxist and non-Marxist social scientists. For Marxists, they suggest the fruitfulness of using quantitative techniques in exploring the interactions of class and race, especially when social relations of production are explicitly included in the research. Future work should attempt to examine longitudinal changes in the interactions of class and race in the income-determination process in order to specify more precisely the contradictory logic of the relationship between capitalism and racial divisions discussed above. In such research, it is particularly important to examine changes in racial inequality within

the working class (rather than globally within the population as a whole) in order to be able to assess the relative role of the accumulation and social control imperatives in shaping patterns of racial inequality in contemporary American capitalism.

For non-Marxist social scientists, the results of this study demonstrate the importance of social relations of production in understanding social inequality. At least in the study of racial differences in the income-determination process, the exclusion of class relations from the analysis leads to basic distortions in the results. For many reasons, Marxist categories have rarely been included in social surveys and virtually never in census surveys. While the findings of this study hardly establish the overall validity of the Marxist paradigm, they do indicate that any serious study of social inequality must attempt to measure social relations of production.

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