

Erik Olin Wright, "The Class Analysis of Poverty," chapter 2 in Erik Olin Wright *Interrogating Inequality* (Verso, 1994). (Note: I have substituted some pages from another of my books in the middle of this chapter because it explains certain issues a little better.)

The Class Analysis of Poverty

The objective of this chapter is to explain the underlying logic of what might be termed the "class analysis of poverty." To understand the distinctiveness of this approach, it will be useful to contrast four general ways of explaining poverty found in both the scholarly literature and popular consciousness. These four approaches differ along two dimensions: first, whether they see the *individual* or *society* as the central unit of analysis for the most salient causes of poverty,¹ and second, whether they see poverty as an unfortunate *by-product* of certain causes or as an *inherent feature* of the system in question. As illustrated in Table 2.1, I will refer to these four kinds of explanations of poverty as the genetic inferiority approach (individual/inherent), the culture of poverty approach (individual/by-product), the ravages of social change approach (societal/by-product), and the class exploitation approach (societal/inherent).

Of course, many scholars mix and match these approaches in an eclectic manner; there is no reason to believe that any one of them will be better than the others for explaining all aspects of poverty. Nevertheless, most sociological thinking about poverty emphasizes one or another of these four modes of analysis and, in any case, it will be useful to clarify the differences in order to understand the specific contribution of class analysis to the study of poverty. In what follows I will first elaborate, in a somewhat stylized manner, the salient differences among these four general ways of thinking about poverty and then turn to a more systematic discussion of the class exploitation approach.

1. Other "units of analysis" are possible, especially families or households. Generally when the family is the unit of analysis for discussions of poverty, the *explanations* that are proposed are either about the individuals in the family or about the societal conditions faced by the family.

Table 2.1 General Types of Explanations of Poverty

	Nature of the Explanation		
		<i>Unfortunate By-product</i>	<i>Inherent feature</i>
Site of the Explanation	<i>Individual Attributes</i>	Culture of poverty	Genetic/Racial inferiority
	<i>Social Systems</i>	Ravages of social change (liberal reformist)	Class exploitation (Marxist class analysis)

The Four General Approaches to Explaining Poverty

Poverty as the result of inherent individual attributes

This form of explanation constitutes a special kind of "blaming the victim": the poor are poor because they individually suffer from some inherent flaw, generally linked to genetic inferiority affecting their intelligence. These days, relatively few scholars lay much importance on genetic factors in explaining poverty, except for arguments that attempt to link racial differentials in poverty to alleged racial differences in IQ. Still, even though genetics-based explanations of poverty do not find favor in the academy, they remain relatively popular with the public at large. Table 2.2 presents the results of two surveys of adults in the United States in which, among other things, attitudes towards poverty were explored.² In 1980 just over 50 per cent of Americans said that they either strongly agree or somewhat agree with the statement "One of the main reasons for poverty is that some people are simply not intelligent enough to compete in this modern world."³ In the 1991 replication of this survey the figure had declined considerably to about 40 per cent.

2. These results come from the 1980 US survey in the Comparative Class Analysis Project and the 1991 replication of that survey. See Erik Olin Wright, "The Comparative Project on Class Structure and Class Consciousness: an Overview," *Acta Sociologica*, spring 1989, for details about the original project.

3. While the phrase "compete in this modern world" introduces a social element into this explanation, nevertheless its real thrust explains poverty in terms of the genetic attributes of individuals.

Table 2.2 Attitudes towards Explanations of Poverty

	% Who Strongly Agree or Somewhat Agree	
	1980	1991
1. One of the main reasons for poverty is that some people are just not intelligent enough to compete in this modern world.	51.7	40.6
2. One of the main reasons for poverty is that many poor people simply do not want to work.	69.3	54.9
3. One of the main reasons for poverty is lack of education and job opportunities for the poor.	77.0	81.0
4. One of the main reasons for poverty is that the economy is based on private ownership and profits.	49.1	not asked
5. One of the main reasons for poverty is bad government policies.	not asked	67.1

Poverty as the by-product of contingent individual characteristics

A more common approach to explaining poverty among social scientists sees the central cause of poverty as various *contingent* attributes of individuals which render them incapable of effectively functioning in contemporary society. These attributes are not inherent in the individual; they are by-products of various social and cultural processes. Nevertheless, the most salient explanation for why the poor are poor is that they lack the right values, they are lazy or in other ways have flawed motivation, they are too present-oriented and unable to delay gratification, they have low self-esteem, etc.

Because of its emphasis on values and norms, this approach to poverty is generally referred to as the "culture of poverty thesis." In its strongest versions, the explanation of poverty centers on cultural socialization, the intergenerational transmission of a set of values that perpetuate endless cycles of poverty.⁴ Somewhat more moderate versions place more stress on current conditions of life and how these may generate certain kinds of preferences, habits, and values. Long-term deprivations, for example, may explain short time horizons. Or, as William Julius Wilson has emphasized, the lack of role models of success through hard work for inner city black youth may explain low self-esteem, fatalism, low motivation for work, and other traits which reproduce poverty.⁵ In any event, for either the strong or moderate version of the culture of poverty thesis, once generated, these values and personality traits are seen as embedded in the individual, not simply as superficial correlates of poverty.

This view of poverty suggests that solving poverty requires changing these values and motivations, changing the people themselves. This can be a daunting task, especially for the strong versions of the culture of poverty thesis which see these values as deeply embedded in personality traits through early patterns of socialization. As Edward Banfield stated:

Lower-class poverty . . . is "inwardly" caused (by psychological inability to provide for the future, and all that this inability implies). Improvements in external circumstances can affect this poverty only superficially, one problem of a "multiproblem" family is no sooner solved than another arises. In principle, it is possible to eliminate the poverty (material lack) of such a family, but only at great expense, since the capacity of the radically improvident to waste money is almost unlimited. Raising such a family's income would not necessarily improve its way of life, moreover, and could conceivably even make things worse.⁶

In such a view there is not much that can really be done other than to provide modest relief to soften the most deleterious effects of poverty.

As in the case of the genetic-flaw view of poverty, the culture of poverty thesis has significant popular appeal. In the survey results reported in Table 2.2, almost 70 per cent of the respondents in 1980 and

4. The emphasis on intergenerational transmission of poverty-inducing values is associated with the many works of Oscar Lewis, e.g. *Five Families: Mexican Case Studies in the Culture of Poverty* (New York 1959); *La Vida: A Puerto Rican Family in the Culture of Poverty*, New York 1966. See also Edward Banfield, *The Unheavenly City*, Boston 1970. There are numerous systematic critiques of the culture of poverty perspective. See, for example, William Ryan, *Blaming the Victim*, New York 1971 and *Equality*, New York 1981.

5. See Wilson, *The Truly Disadvantaged: The Inner City, the Underclass and Public Policy*, Chicago 1987.

6. Banfield, *The Unheavenly City*, p. 126.

55 per cent of the respondents in 1991 agreed with the statement that "One of the main reasons for poverty is that some people are simply too lazy to work hard." While this statement does not directly attribute laziness to culture, this kind of statement nevertheless suggests the kind of explanation supported by defenders of the culture of poverty thesis.

Poverty as a by-product of social causes

This is undoubtedly the most popular kind of explanation of poverty found among liberal social scientists. While individual attributes may play some role in explaining poverty, the main explanation is sought in the nature of the opportunity structure that disadvantaged people face. Consider the core of William Julius Wilson's explanation for the deep poverty of "underclass" blacks in contemporary American inner cities. Wilson sees the most important cause centering on the changes in the American job structure since the 1960s. As Paul Peterson states, Wilson explains poverty as "the social by-product of a changing economy whose uneven impact was leaving inner cities with extraordinarily high levels of unemployment."⁷ The decline of manufacturing, and in particular the decline of job structures containing the diverse mix of skilled, semi-skilled and unskilled jobs available to previous generations of unskilled immigrants, has virtually destroyed the possibility of routes out of poverty for significant segments of the black population. This general tendency in the American economy has been exacerbated by the massive evacuation of jobs from the inner city and the flight of the black middle class from the ghetto, so the general decline in opportunity has been compounded by severe social isolation. No one intended this calamity and no one really benefits from it, but it has the consequence of significantly deepening the problem of poverty.

With this diagnosis of the causes of poverty, the solution is generally seen as twofold. First, a massive effort needs to be devoted to the problem of skill formation and education so that disadvantaged children are equipped to participate actively in the labor market. Secondly, serious jobs programs, generally assumed to require considerable expansion of public works, need to be created to employ people with marginal skills. Both of these solutions require an expansion of the "affirmative state."

While social by-product views of poverty tend to be associated with liberal reformists, there are conservatives who adopt a version of this approach. Charles Murray, for example, sees the problem of the under-

7. Paul E. Peterson, "The Urban Underclass and the Poverty Paradox," in Christopher Jencks and Paul E. Peterson (eds), *The Urban Underclass*, Washington 1991, p. 16.

class in the United States as an unfortunate by-product of well-meaning welfare policies instituted in the 1960s and expanded in the 1970s.⁸ He argues that AFDC programs have the effect of creating incentives for people to act irresponsibly and to engage in strategies which perpetuate their poverty. He does not believe that this creates deep-seated personality flaws, but simply that poor people are acting rationally when they exploit the generosity of the welfare system. The solution, he argues, is to eliminate virtually all welfare programs and thus radically change the incentive structure facing poor people. With these altered incentives they will begin to work hard, act responsibly and thus "raise themselves out of poverty."⁹

In terms of public opinion, there is more support for the social by-product view of poverty than for the views that attribute poverty primarily to individual attributes. Seventy-seven per cent of the respondents in our survey in 1980 and 81 per cent in 1991 agreed with the statement that "One of the main reasons for poverty is lack of adequate education and job opportunities," and 67 per cent of the respondents in 1991 agreed with the statement that "One of the main reasons for poverty is bad government policies." The latter, of course, does not distinguish between conservative and liberal views of which social causes generate poverty, but it does affirm a social by-product view of the causes of poverty.

Poverty as a result of the inherent properties of the social system

The least familiar approach to explaining poverty among Americans is the view that poverty should be seen as an inherent attribute of the functioning of certain kinds of social systems. The most prominent version of this view is identified with the Marxist tradition, and sees poverty in contemporary capitalism as generated by the core dynamics of class exploitation. Poverty is not an accident; it is not a by-product. It is an inherent, and crucial, feature of a society whose economic structure is

8. See Charles Murray, *Losing Ground*, New York 1984. For a strong critique of Murray's views see Christopher Jencks, *Rethinking Social Policy: Race, Poverty and the Underclass*, Cambridge, Mass. 1992.

9. Murray's full argument is actually a combination of individual/inherent arguments, individual/by-product arguments and social/by-product arguments. Males, he argues, are genetically disposed to be irresponsible, to live for the moment. They can be induced to act in a responsible manner - work hard, save, care for others - only when their impulses are tamed by family obligations. The current welfare system encourages single motherhood and unstable families among poor people by making it unprofitable for people to marry. AFDC has the effect of inducing a set of values and norms which perpetuate irresponsibility, and thus poverty, because they reinforce the genetically determined irresponsibility of males.

grounded in class and exploitation. The pivotal idea (which we will elaborate more systematically in the next section of this chapter) is that there are powerful and privileged actors who have an active interest in maintaining poverty. It is not just that poverty is an unfortunate consequence of their pursuit of material interests; it is an essential *condition* for the *realization* of their interests. To put it bluntly, capitalists and other exploiting classes benefit from poverty.

This view of poverty has crucial political implications. In the social by-product view of poverty, the political condition for solving the problem of poverty mainly involves trying to convince people that certain kinds of programs are necessary and will work. No one has a stake in maintaining poverty. Everyone would like to see it eliminated. The political problem is lack of knowledge and enlightenment, with perhaps a dose of myopia, but not malice. In the class exploitation view of poverty, on the other hand, to reduce poverty requires the *defeat* of powerful, privileged social forces, not their conversion. The persistence of extreme levels of poverty occurs not because powerful elites have mistaken ideas of what is in their interests and what would solve poverty, nor because they are short-sighted or unenlightened, but because they benefit from the existence of poverty and have unchallenged power.

There are two principle variants of this general view of poverty. The first, identified with revolutionary Marxism, argues that the only way to reduce poverty significantly is to eliminate capitalism altogether. It is not just that poverty is *good* for capitalism; it is *essential* for its very survival. Thus, there is no real prospect for significantly reducing poverty inside of capitalism. The second variant, generally associated with social democracy, argues that capitalism can be significantly tamed, that while capitalists have real, material interests in sustaining poverty, significant redistribution of income is compatible with the survival of capitalist institutions. As a result, if the power of capitalists and their allies can be effectively challenged *inside of capitalism*, significant inroads against poverty can be achieved. In these terms, Sweden is often held up as an exemplary case where bourgeois forces were politically defeated or forced to compromise with powerful defenders of the underprivileged. Swedish capitalists did not want to help the poor; they were forced to help the poor by the combined forces of the Swedish labor movement and the Social Democratic Party. As a result, wealthy people live less well in Sweden than in the United States. This means that there are losers – that there is a zero-sum aspect to meaningful solutions to poverty. And, because there are real losers, it is unlikely that serious solutions will be politically based purely on consensus across social classes.

As in the case of the other three kinds of explanations of poverty,

there is some popular support for explanations that attribute poverty to the inherent functioning of capitalism. Forty-nine per cent of the respondents in 1980 said that they agreed with the statement that "One of the main reasons for poverty is that the economy is based on private ownership and profits." It is also interesting that there are much larger class differences in those who support this explanation of poverty than there are in those who support the others: 61 per cent of respondents in the working class agree with the statement that an economy based on private profits significantly contributes to poverty, compared to only 11 per cent of the capitalists in the sample.

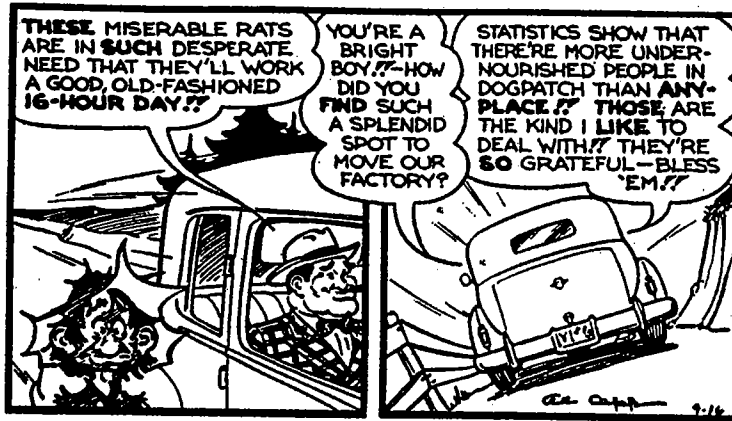
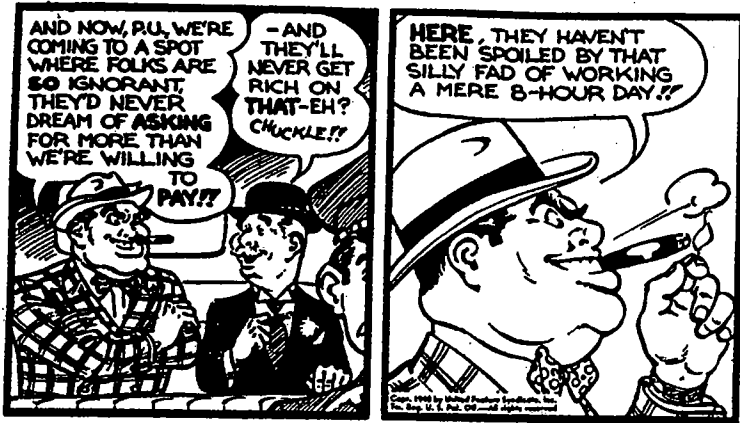
Elaboration of a Class Exploitation Analysis of Poverty

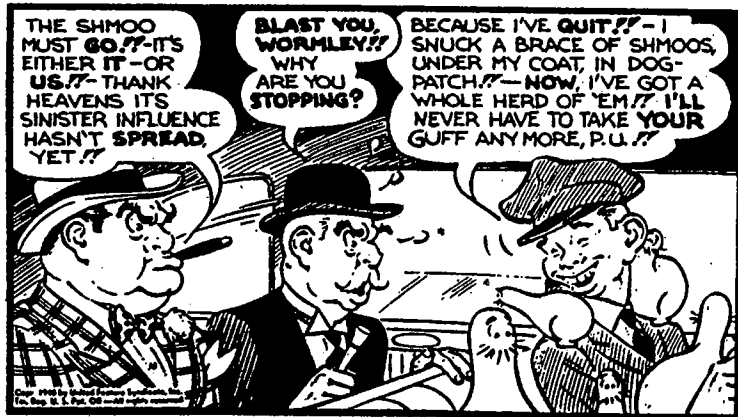
So far, I have only gestured at the substantive arguments of a class analysis of poverty. In this section I will fill out the argument. To do this it is necessary to define carefully three key concepts: economic oppression, economic exploitation, and class. Once these concepts are defined, I will explain how they generate a social system in which poverty plays a crucial functional role.

The parable of the shmoo

A story from the *Li'l Abner* comic strips from the late 1940s will help to set the stage for the discussion of the concept of class structure. Here is the situation of the episode: *Li'l Abner*, a resident of the hill-billy community of Dogpatch, discovers a strange and wonderful creature, the "shmoo," and brings a herd of them back to Dogpatch. The shmoo's sole desire in life is to please humans by transforming themselves into the material things human beings need. They do not provide humans with luxuries, but only with the basic necessities of life. If you are hungry, they can become ham and eggs, but not caviar. What is more, they multiply rapidly so you never run out of them. They are thus of little value to the wealthy, but of great value to the poor. In effect, the shmoo restores humanity to the Garden of Eden. When God banished Adam and Eve from Paradise for their sins, one of their harshest punishments was that from then on they, and their descendants, were forced to "earn their bread by the sweat of their brow." The shmoo relieves people of this necessity and thus taps a deep fantasy in Western culture.

In the episode from *Li'l Abner* reproduced below, a manager working for a rich capitalist, P.U., does a study to identify the poorest place in America in order to hire the cheapest labor for a new factory. The place turns out to be Dogpatch. P.U. and the manager come to Dogpatch to recruit employees for the new factory. The story unfolds in the following sequence of comic strips from 1948 (Al Capp 1992: 134–136).





The presence of shmoo is thus a serious threat to both class relations and gender relations. Workers are more difficult to recruit for toilsome labor and no longer have to accept "guff" and indignities from their bosses. Women are no longer economically dependent on men and thus do not have to put up with sexist treatment.

In the episodes that follow, P.U. and his henchman organize a campaign to destroy the shmoo. They are largely successful, and its sinister influence is stopped. American capitalism can continue, unthreatened by the specter of the Garden of Eden.

The saga of the shmoo helps to clarify the sense in which the interests of workers and capitalists are deeply antagonistic, one of the core ideas of Marxist class analysis. Let us look at this antagonism a bit more closely by examining the preferences of capitalists and workers towards the fate of the shmoo. Consider four possible distributions of shmoo: everyone gets a shmoo; only capitalists get shmoo; only workers get shmoo; and the shmoo is destroyed so no one gets them. Table 1.1 indicates the preference orderings for the fate of shmoo on the assumption that both workers and capitalists are rational and only interested in their own material welfare.¹ They are thus neither altruistic nor spiteful; the actors are motivated only by the pure, rational egoism found typically in neoclassical economics. For capitalists, their first preference is that they alone get the shmoo, since they would obviously be slightly better off with shmoo than without them. Their second preference is

¹ This preference ordering assumes that the shmoo provides only for basic necessities. For a discussion of the issues in conditions where the generosity of shmoo can vary, see Wright (1997: 5–7).

Table 1.1. Rank ordering of preferences for the fate of the shmoo by class

Rank order	Capitalist class	Working class
1	Only capitalists get shmoos	Everyone gets shmoos
2	Destroy the shmoos	Only workers get shmoos
3	Everyone gets shmoos	Only capitalists get shmoos
4	Only workers get shmoos	Destroy the shmoo

that no one gets them. They would rather have the shmoo be destroyed than everyone get one. For workers, in contrast, their first preference is that everyone gets the shmoos. Given that the shmoo only provides for basic necessities, not luxuries, many workers will still want to work for wages in order to have discretionary income. Such workers will be slightly better off if capitalists have shmoos as well as workers, since this will mean that capitalists will have slightly more funds available for investment (because they will not have to buy basic necessities for themselves). Workers' second preference is that workers alone get the shmoos; their third preference is that only capitalists get the shmoos; and their least preferred alternative is that the shmoos be destroyed.

The preference ordering of workers corresponds to what could be considered universal human interests. This is one way of understanding the classical Marxist idea that the working class is the "universal class," the class whose specific material interests are equivalent to the interests of humanity as such. This preference ordering also corresponds to the what might be called Rawlsian preferences – the preferences that maximize the welfare of the worst off people in a society. With respect to the shmoo, at least, the material self-interests of workers corresponds to the dictates of Rawlsian principles of Justice. This is a remarkable correspondance, for it is derived not from any special assumptions about the virtues, high-mindedness or altruism of workers, but simply from the objective parameters of the class situation.

What the story of the shmoo illustrates is that the deprivations of the propertyless in a capitalist system are not simply an unfortunate by-product of the capitalist pursuit of profit; they are a necessary condition for that pursuit. This is what it means to claim that capitalist profits depend upon "exploitation." This does not imply that profits are solely "derived" from exploitation or that the degree of exploitation is the only determinant of the level of profits. But it does mean that exploitation is one of the necessary conditions for profits in a capitalist economy.

Exploiting classes thus have an interest in preventing the exploited from acquiring the means of subsistence even if, as in the case of the shmoo story, that acquisition does not take the form of a redistribution of wealth or income from capitalists to workers. To put it crudely, capitalism generates a set of incentives such that the capitalist class has an interest in destroying the Garden of Eden.

While in real capitalism capitalists do not face the problem of a threat from shmoos, there are episodes in the history of capitalism in which capitalists face obstacles not unlike the shmoo. Subsistence peasants have a kind of quasi-shmoo in their ownership of fertile land. While they have to labor for their living, they do not have to work for capitalists. In some times and places capitalists have adopted deliberate strategies to reduce the capacity of subsistence peasants to live off the land specifically in order to recruit them as a labor force. A good example is the use of monetized hut taxes in South Africa in the nineteenth century to force subsistence peasants to enter the labor market and work in the mines in order to have cash to pay their taxes. More generally, capitalist interests are opposed to social arrangements that have even a partial shmoo-like character. Capitalist class interests are thus opposed to such things as universal guaranteed basic income or durably very low rates of unemployment, even if the taxes to support such programs were paid entirely out of wages and thus did not directly come out of their own pockets. This reflects the sense in which capitalist exploitation generates fundamentally antagonistic interests between workers and capitalists.

The concept of exploitation

The story of the shmoo revolves around the linkage between class divisions, class interests and exploitation. There are two main classes in the story – capitalists who own the means of production and workers who do not. By virtue of the productive assets which they own (capital and labor power) they each face a set of constraints on how they can best pursue their material interests. The presence of shmoos fundamentally transforms these constraints and is a threat to the material interests of capitalists. Why? Because it undermines their capacity to exploit the labor power of workers. "Exploitation" is thus a key concept for understanding the nature of the antagonistic interests generated by the class relations.

Exploitation is a loaded theoretical term, since it suggests a moral condemnation of particular relations and practices, not simply an

analytical description. To describe a social relationship as exploitative is to condemn it as both harmful and unjust to the exploited. Yet, while this moral dimension of exploitation is important, the core of the concept revolves around a particular type of antagonistic interdependency of material interests of actors within economic relations, rather than the injustice of those relations as such. As I will use the term, class exploitation is defined by three principle criteria:

- (i) *The inverse interdependent welfare principle:* the material welfare of exploiters causally depends on the material deprivations of the exploited. The welfare of the exploiter is at the expense of the exploited.
- (ii) *The exclusion principle:* the causal relation that generates principle (i) involves the asymmetrical exclusion of the exploited from access to and control over certain important productive resources. Typically this exclusion is backed by force in the form of property rights, but in special cases it may not be.
- (iii) *The appropriation principle:* the causal mechanism which translates (ii) exclusion into (i) differential welfare involves the appropriation of the fruits of labor of the exploited by those who control the relevant productive resources.² This appropriation is also often referred to as the appropriation of the "surplus product."

This is a fairly complex set of conditions. Condition (i) establishes the antagonism of material interests. Condition (ii) establishes that the antagonism is rooted in the way people are situated within the social organization of production. The expression "asymmetrical" in this criterion is meant to exclude "fair competition" among equals from the domain of possible exploitations. Condition (iii) establishes the specific mechanism by which the interdependent, antagonistic material interests are generated. The welfare of the exploiter depends upon the *effort* of the exploited, not merely the deprivations of the exploited.

If only the first two of these conditions are met we have what can be called "nonexploitative economic oppression," but not "exploitation." In nonexploitative economic oppression there is no transfer of the fruits of

² The expression "appropriation of the fruits of labor" refers to the appropriation of that which labor produces. It does not imply that the value of those products are exclusively determined by labor effort, as claimed in the labor theory of value. For a discussion of this way of understanding the appropriation of the fruits of labor, see Cohen (1988: 209-238). For a discussion of the concept of "surplus" as it bears on the problem of exploitation as defined here, see Wright (1997: 14-17).

labor from the oppressed to the oppressor; the welfare of the oppressor depends simply on the exclusion of the oppressed from access to certain resources, but not on their laboring effort. In both instances, the inequalities in question are rooted in ownership and control over productive resources.

The crucial difference between exploitation and nonexploitative oppression is that, in an exploitative relation, the exploiter *needs* the exploited since the exploiter depends upon the effort of the exploited. In the case of nonexploitative oppression, the oppressors would be happy if the oppressed simply disappeared. Life would have been much easier for the European settlers to North America if the continent had been uninhabited by people. Genocide is thus always a potential strategy for nonexploitative oppressors. It is not an option in a situation of economic exploitation because exploiters require the labor of the exploited for their material well-being. It is no accident that in the United States there is an abhorrent folk saying, "the only good Indian is a dead Indian," but not the saying "the only good worker is a dead worker" or "the only good slave is a dead slave." It makes sense to say "the only good worker is an obedient and conscientious worker," but not "the only good worker is a dead worker." The contrast between South Africa and North America in their treatment of indigenous peoples reflects this difference poignantly: in North America, where the indigenous people were oppressed (by virtue of being coercively displaced from the land) but not exploited, genocide was part of the basic policy of social control in the face of resistance; in South Africa, where the European settler population heavily depended upon African labor for its own prosperity, this was not an option.

Exploitation, therefore, does not merely define a set of *statuses* of social actors, but a pattern of ongoing *interactions* structured by a set of social relations, relations which mutually bind the exploiter and the exploited together. This dependency of the exploiter on the exploited gives the exploited a certain form of power, since human beings always retain at least some minimal control over their own expenditure of effort. Social control of labor which relies exclusively on repression is costly and, except under special circumstances, often fails to generate optimal levels of diligence and effort on the part of the exploited. As a result, there is generally systematic pressure on exploiters to moderate their domination and in one way or another to try to elicit some degree of consent from the exploited, at least in the sense of gaining some level of minimal cooperation from them. Paradoxically perhaps, exploitation is thus a

constraining force on the practices of the exploiter. This constraint constitutes a basis of power for the exploited.

People who are oppressed but not exploited also may have some power, but it is generally more precarious. At a minimum, oppressed people have the power that comes from the human capacity for physical resistance. However, since their oppressors are not economically constrained to seek some kind of cooperation from them, this resistance is likely very quickly to escalate into quite bloody and violent confrontations. It is for this reason that the resistance of Native Americans to displacement from the land led to massacres of Native Americans by white settlers. The pressure on nonexploitative oppressors to seek accommodation is very weak; the outcomes of conflict therefore tend to become simply a matter of the balance of brute force between enemies moderated at best by moral qualms of the oppressor. When the oppressed are also exploited, even if the exploiter feels no moral compunction, there will be economic constraints on the exploiter's treatment of the exploited.

The conceptualization of exploitation proposed here has extension beyond the specific domain of class relations and economic exploitation. One can speak, for example, of the contrast between sexual exploitation and sexual oppression. In the former the sexual "effort," typically of women, is appropriated by men; in the latter the sexuality of some group is simply repressed. Thus, in heterosexist societies women are often sexually exploited, while homosexuals would typically be sexually oppressed.

Describing the material interests of actors generated by exploitation as antagonistic does not prejudge the moral question of the justice or injustice of the inequalities generated by these antagonisms. One can believe, for example, that it is morally justified to prevent poor people in Third World countries from freely coming into the United States and still recognize that there is an objective antagonism of material interests between US citizens and the excluded would-be Third World migrants. Similarly, to recognize the capital-labor conflict as involving antagonistic material interests rooted in the appropriation of labor effort does not necessarily imply that capitalist profits are unjust; it simply means that they are generated in a context of inherent conflict.

Nevertheless, it would be disingenuous to claim that the use of the term "exploitation" to designate this form of antagonistic interdependency of material interests is a strictly scientific, technical choice. Describing the appropriation of labor effort as "exploitation" rather than

simply a "transfer" adds a sharp moral judgment to the analytical claim. Without at least a thin notion of the moral status of the appropriation, it would be impossible, for example, to distinguish such things as legitimate taxation from exploitation. Taxation involves coercive appropriation, and in many instances there is arguably a conflict of material interests between the taxing authorities and the taxpayer as a private individual. Even under deeply democratic and egalitarian conditions, many people would not voluntarily pay taxes since they would prefer to enhance their personal material interests by free-riding on other people's tax payments. Right-wing libertarians in fact do regard taxation as a form of exploitation because it is a violation of the sanctity of private property rights and thus an unjust, coercive appropriation. The motto "Taxation is theft" is equivalent to "taxation is exploitation." The claim that the capitalist appropriation of labor effort from workers is "exploitation," therefore, implies something more than simply an antagonism of material interests between workers and capitalists; it implies that this appropriation is unjust.

While I feel that a good moral case can be made for the kind of radical egalitarianism that provides a grounding for treating capitalist appropriation as unjust, it would take us too far afield here to explore the philosophical justifications for this claim. In any case, for purposes of sociological class analysis, the crucial issue is the recognition of the antagonism of material interests that are linked to class relations by virtue of the appropriation of labor effort, and on this basis I will refer to this as "exploitation."

Class

Underlying both the concept of simple material oppression and the concept of exploitation is the idea that there are various kinds of productive resources which are important for material welfare and which have the property that one's welfare is enhanced by excluding others from access to the resource. Oppression occurs when one group illegitimately excludes another from access to those resources.¹⁴ Exploitation occurs when such exclusion from resources also gives the owners of the resource the capacity to appropriate the fruits of labor of others. If I kick the peasants off the land and let them fend for themselves in the bush,

14. The use of the Shmoos as an illustration for moral critique of capitalism was introduced to me by G.A. Cohen in a lecture on British television in August 1986.

15. These strips are reprinted in Al Capp, *L'il Abner Meets the Shmoos*, Princeton, Wisconsin 1992.

16. The modifier "illegitimate" is necessary since there may be circumstances in which the exclusive use of a resource by one group may be justified. This proviso, again, makes judgments of oppression highly contested.

then I have merely oppressed them materially; if I use my ownership of the land as a basis for hiring them back to work the fields, then I exploit them.

The concept of class, within the Marxist tradition, is closely tied to this understanding of exploitation. Classes are categories of social actors defined by the property relations which generate exploitation. In the above example, the landowner and the peasant are in different classes because (a) they are bound together through a specific set of social property relations (or, as they are often called, social relations of production) and (b) the landowner exploits the peasant. Homeowners and the homeless, on the other hand, would generally not constitute two classes.

More generally, one can define a range of different kinds of class relations in terms of the pivotal form of productive resources that provides the basis for exploitation. Marxists have traditionally focused on two such resources: capital and labor. Slavery is based on a form of class relations in which the slavemaster owns the slave and by virtue of that ownership exploits the slave. Capitalism is based on a form of class relations in which the capitalist owns the means of production, the worker owns labor-power, and by virtue of these property rights in capital and labor, the capitalist is able to exploit the worker through the employment relation.

More recently, a variety of suggestions have been made about how this map of potential class relations might be expanded. John Roemer has suggested that skills or expertise might constitute a third productive asset, the ownership of which could constitute the basis for exploitation in which skill-owners are able to appropriate labor effort (embodied in the social surplus product) from the unskilled.¹⁷ I have argued in various places that this might be a useful way of understanding the specificity of the class situation of the "middle class." The middle class can be thought of as "contradictory locations within class relations" in so far as they are

17. The argument that skill-owners are able to appropriate surplus products from the unskilled is rather complicated and problematic. The basic idea is that skill-owners are able to receive a "monopoly rent" within their earnings because of their control over a scarce productive resource (skills). This rent component of the wage enables them to consume part of the "social surplus," where the "surplus" is defined as production above the costs of reproducing all the factors of production. In effect this means that the *price* of skilled labor-power is above its *costs* of production. The problem with this description of skill-owners is that it is ambiguous whether they should be viewed as exploiting the unskilled (i.e. appropriating all the effort of the unskilled) or simply as being less exploited than unskilled workers (i.e. they appropriate some of the surplus which they themselves produce).

simultaneously exploited through capitalist mechanisms and exploiters through skill or other secondary mechanisms.¹⁸ Philippe Van Parijs has argued that the *de facto* ownership of jobs in advanced welfare state capitalism might also be seen as a basis of class differentiation.¹⁹

Whether or not these extensions of the basic idea of class and exploitation are satisfactory, the core idea of a class analysis of inequality remains powerful. To the extent that classes exist in exploitative and oppressive relations, there will be powerful actors with a positive interest in the deprivations of others. Poverty is one specific consequence of this logic of interests and power.

Class, exploitation and poverty

The concepts we have been exploring suggest that the general problem of poverty needs to be broken down into two sub-problems: poverty generated inside exploitative relations, and poverty generated by non-exploitative oppression. The former corresponds to what in contemporary policy discourse is called "the working poor"; the latter corresponds to the "underclass."

The working poor

If one takes a static view of the economy, then it is easy to attribute the existence of the working poor to the intersection of two facts: (1) many firms have low levels of productivity and in order to compete they can only offer low wages; and (2) many workers have low levels of skills or limited possibility of geographical mobility and thus are constrained to accept such poor-paying jobs. Within a class analysis framework, however, the existence of a sizeable population of working poor in an otherwise affluent society can be viewed, to a significant extent, as one of the many dynamic consequences of a weak, fragmented, and relatively conservative labor movement. A strong, solidaristic labor movement is likely to be committed to reducing wage inequalities within the working class. When such a movement is closely linked to a political party capable of using the power of the state to back up such egalitarian commitments,

18. See John Roemer, *A General Theory of Exploitation and Class*, Cambridge, Mass. 1982 for the exposition of the idea of skill exploitation. The relationship of this idea to the problem of the middle class is explored in Erik Olin Wright, *Classes*, London 1985.

19. Philippe Van Parijs, "A Revolution in Class Theory," in Erik Olin Wright et al., *The Debate on Classes*, London 1989, pp. 191-212.

then one would predict a long-term disappearance of impoverished employed workers.

The "solidarity wage" policy in Sweden, for example, was a deliberate policy of the labor movement to raise the wages of the most poorly paid sectors of the working class as a way of reinforcing the long-term solidarity of the labor movement. This strategy was complemented by the well-known "active labor market policy" of the social democratic state, which was committed to retraining workers when firms became uncompetitive by virtue of rising wages. The distribution of income among workers, and in particular the extent to which a stratum of impoverished employed workers exists, therefore, should not be viewed simply as a spontaneous result of "natural" market forces, but as the result of the exercise of power by social forces with different interests.

The concept of the "working poor," in this context, should not be seen as only referring to the stratum of poor employed workers within a rich country. The employment of poor Mexican workers in U.S. automakers' factories in northern Mexico also follows the same logic. In this case the issue of class power is the absence of a solidaristic international labor movement capable of constraining the capacity of multinational firms to pay Third World workers miserable wages. The existence of the working poor employed by multinational firms in Third World countries thus, in part, reflects power relations, not simply impersonal market forces.²⁰

The underclass

The term "underclass" is used in a variety of ways in contemporary policy discussions. Sometimes it is meant to be a pejorative term rather like the old Marxist concept of "lumpenproletariat"; other times it is used more descriptively to designate a segment of the poor whose conditions of life are especially desperate and whose prospects for

20. This does not mean that the capitalist class has a general interest in workers as a whole being as poor as possible. There are two reasons why capitalists, even in the absence of an organized working class, have some interest in workers not being maximally impoverished. First, as we will see in more detail in chapter 4, employers need to pay workers a wage sufficiently above what they would have if they were fired if the threat of being fired is to have any bite. What economists call an "efficiency wage" is thus induced by problems of social control within production. Second, workers are also consumers who buy the products capitalists produce, and if workers are universally maximally impoverished, capitalists may face problems of inadequate aggregate demand for their products. Both of these factors are counter-tendencies to the tendency for capitalist exploitation to generate a category of "working poor." In the context of global capitalism, however, these tendencies are certainly weak relative to the tendency of the capitalist class to pay workers as little as they can profitably get away with.

improvement are particularly dismal.²¹ One way of giving this concept a more precise theoretical status is to link it to the concepts of exploitation and oppression: and "underclass" can be defined as a category of social agents who are economically oppressed but not consistently exploited within a given class system.

Different kinds of class structures will tend to have different forms of an "underclass." In many parts of the world today and throughout much of human history, the pivotal resource which defines the underclass is land. Landlords, agrarian capitalists, peasants, and exploited agrarian producers all have access to land; people who are excluded from such access constitute the underclass of agrarian societies. In these terms, Native Americans were transformed into an underclass in the nineteenth century when they were pushed off the land into the reservations.

In contemporary advanced capitalism, the key resource that defines the predicament of the underclass is labor-power itself. This might seem like an odd statement since in capitalism, at least since the abolition of slavery, everyone supposedly owns one "unit" of labor-power, him or herself. The point is that some people do not in fact own productively usable labor-power. The situation is similar to that of a capitalist owning outmoded machines. While the capitalist physically controls these pieces of machinery, they cease to be "capital" – a productive resource – if they cannot be deployed within a capitalist production process profitably. In the case of labor-power, a person can physically control his or her own laboring capacity, but that capacity can cease to have economic value in capitalism if it cannot be deployed productively. This is the essential condition of the "underclass." They are oppressed because they are denied access to various kinds of productive resources, above all the necessary means to acquire the skills needed to make their labor-power saleable. As a result, they are not consistently exploited.

It is perhaps controversial to amalgamate the exclusion of the contemporary urban underclass from human capital and other job resources with the exclusion of native Americans from the land. In the latter case there was a zero-sum character to access to the resource in question and massive coercion was used to enforce the exclusion, whereas in the case

21. This is the essential way that the term is used by William Julius Wilson in his analysis of the interconnection between race and class in American society. Wilson argues that as legal barriers to racial equality have disappeared, and as class differentiation within the black population has increased, the central determining structure of the lives of many African-Americans is no longer race as such, but class. More specifically, he argues that there has been a substantial growth of an urban "underclass" of people without marketable skills and with very weak attachments to the labor force, living in crumbling central cities isolated from the mainstream of American life and institutions. See William Julius Wilson, *The Declining Significance of Race*, Chicago 1982, and William Julius Wilson, *The Truly Disadvantaged*, Chicago 1987.

of education, skills, and even good jobs, it is not so obvious that the resources in question are a fixed quantity and that access is being denied through force. Thus the factual inequalities of access to these resources may not in fact be instances of coercively enforced "exclusion." For present purposes, therefore, it should be viewed as an hypothesis that the underclass is "economically oppressed," i.e. that there is indeed a process of morally indictable exclusion from access occurring here, an exclusion which has the effect of benefiting certain groups of people at the expense of others.²²

Understood in this way, the underclass consists of human beings who are largely expendable *from the point of view of the rationality of capitalism*. As in the case of native Americans, who became a landless underclass in the nineteenth century, repression rather than incorporation is the central mode of social control directed towards them. Capitalism does not need the labor-power of unemployed inner-city youth. The material interests of the wealthy and privileged segments of American society would be better served if these people simply disappeared. However, unlike in the nineteenth century, the moral and political forces are such that direct genocide is no longer a viable strategy. The alternative, then, is to build prisons, to cordon off the zones of cities in which the underclass live. In such a situation the main potential power of the underclass against their oppressors comes from their capacity to disrupt the sphere of consumption, especially through crime and other forms of violence, not their capacity to disrupt production through their control over labor.

Poverty, Politics and Class Analysis

This chapter has argued that in order to understand more fully the nature of poverty it is important to see it as, in part, the result of inherent features of the social system. This does not mean that no individuals are poor because of lack of innate intelligence, or that cultural factors of various sorts do not create obstacles for some groups and prevent them improving their lot in life, or that the disjunction between the supply of labor and the demand for jobs does not intensify the plight of the poor in the inner cities. But it does mean that each of these approaches to understanding poverty is incomplete. Each of these partial factors inter-

22. This, of course, leaves open the crucial question of who, precisely, is benefiting from this exclusion. Some people argue that it is workers with secure jobs who benefit from the economic oppression of the underclass; others argue it is high-earning employees and capitalists who would otherwise have to pay for providing adequate training, retraining, education, public service jobs, etc.

acts with the underlying class structure to generate the empirical patterns of poverty which we confront.

Adding a class analysis perspective to the analysis of poverty is not just adding another variable to a laundry list of factors in a multivariate model. It changes the way we think about the political dynamics at stake in attempts to do something about the problem. Specifically, since a class analysis of poverty argues that there are significant numbers of privileged²³ people with a strong, positive material interest in maintaining poverty, significant advances towards reducing poverty in the United States must place the problem of power and struggles over power at the center of the political agenda.

This does not imply rejecting the content or objectives of many of the reforms proposed by liberals working within an "unfortunate social by-product" view of poverty. The proposals by Liberal Democrats for life-long processes of skill formation and retraining, for equalizing educational resources by channeling funds to inner-city schools, for government-provided jobs in the face of persistent failures of private employers to provide jobs for people in the "underclass," and so on, are fine proposals. The mistake is the view that these proposals can be effectively achieved primarily by demonstrating their usefulness, by trying to convince powerful groups that these proposals will significantly help solve the problems of poverty. So long as powerful, privileged groups are willing to use their power to maintain their privileges, such proposals for reform can only be achieved through deep and pervasive popular mobilization of pressure which challenges the power of dominant classes in the United States. This does not mean that capitalism as such has to be destroyed before inequalities can be significantly reduced; but it does mean that the power of capitalists and other privileged elites cannot go unchecked if there are to be significant inroads on poverty. The necessary reforms cannot be achieved simply through a politics of perpetual harmony which always seeks consensus among conflicting parties. They can only be achieved through victories and defeats in which there will be losers who will have to pay.

23. The term "privilege" is a convenient way of identifying the material advantages of groups that are either simple (non-exploitative) oppressors or exploiters. As I use the term, an economically privileged group is not simply materially advantaged compared to other groups; its advantages are rooted in processes of oppression and exploitation.