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.

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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.

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The Four General Approaches

Poverty as the result of inherent individual deficiency

This form of explanation constitutes the "direct victim": the poor are poor because they lack intrinsic qualities. The myth of the "bad person" is the inherent flaw, generally linked to culture and social status. These days, relatively few genetic factors in explaining poverty are used to link racial differentials in poverty. Still, even though genetics-based explanations were at one time favored in the academy, they remain in the popular imagination. Table 2.2 presents the results of the 1980 United States census, which, among other things, measures the household income by family size. The data show that in 1980, the median income of two-parent families was much higher than that of one-parent families. This is consistent with the idea that poverty is a result of the inherent deficiencies of individuals, either genetic or cultural.

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2. These results come from the 1980 U.S. Census Project and the 1991 replication of that survey, the National Longitudinal Study of Youth. For details about the original project, see the National Center for Education Statistics. While the phrase "compared to the average family" is valid, it is important to note that this explanation, nevertheless its real thrust, attributes poverty to the individuals.

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Table 2.2 Attitudes towards Explanations of Poverty

<table>
<thead>
<tr>
<th>% Who Strongly Agree or Somewhat Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>1. One of the main reasons for poverty is that some people are just not intelligent enough to compete in this modern world.</td>
</tr>
<tr>
<td>2. One of the main reasons for poverty is that many poor people simply do not want to work.</td>
</tr>
<tr>
<td>3. One of the main reasons for poverty is lack of education and job opportunities for the poor.</td>
</tr>
<tr>
<td>4. One of the main reasons for poverty is that the economy is based on private ownership and profits.</td>
</tr>
<tr>
<td>5. One of the main reasons for poverty is bad government policies.</td>
</tr>
</tbody>
</table>

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, the poverty thesis is generally referred to as the “cultural” version of the explanation of poverty. The intergenerational transmission of a set of values, preferences, habits, and values. Lower-class poverty . . . is at least partly the result of poor socialization. Poorly socialized people are more likely to make decisions that further damage their chances for success in a market society. It is not necessarily true, however, that the socialization process is characterized by values that systematically undermine the poor's ability to succeed. . . .

In such a view there is not much that can be done to provide modest relief to soften the most severe effects of lower-class poverty. . . .

As in the case of the genetic-flavoured poverty thesis, this contingency explanation has significant popularity. The values reported in Table 2.2, almost 70 per cent of respondents

4. The emphasis on intergenerational transmission of values is associated with the many works of Oscar Lewis, The Culture of Poverty (New York 1955), La Vida (New York 1966), and his writings. There are numerous systematic critiques of this model, for example, William Ryan, Blaming the Victim, New York 1992.
5. See Wilson, The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy, Chicago 1987.
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.” The decline of manufacturing, and in particular the decline of job structures containing the diverse mix of skilled, semiskilled 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-

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class in the United States as an unfair welfare policies instituted in the 1960s argues that AFDC programs have encouraged people to act irresponsibly and to exploit the generosity of the welfare system to eliminate virtually all welfare program incentives facing poor people who will begin to work hard, act responsibly, and escape poverty.”

In terms of public opinion, there is a product view of poverty than for them, poverty simply to individual attributes. Seventy-three per cent of our survey in 1980 and 81 per cent in 1991 agree that “One of the main reasons for poverty is a lack of job opportunities,” and 67 per cent agree with the statement that “One of the main reasons for government policies.” The latter view is held primarily between conservative and liberal views on poverty, but it does affirm a social view of poverty.

Poverty as a result of the inherent personal characteristics

The least familiar approach to explaining the view that poverty should be seen as a result of the functioning of certain kinds of social processes. In this version of this view is identified with the strains of the poverty in contemporary capitalism and the class exploitation. Poverty is not an inherent, and crucial, feature of capitalism.

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9. Murray’s full argument is actually a combination of individualby-product arguments and socialby-product arguments, and has been questioned by some researchers.
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 shortsighted 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 the inherent functioning of capitalist forces. Respondents in 1980 said that they felt the main reasons for poverty is “ownership and profits.” It is also important to note that working class and the function of social classes contribute more to the private profits significantly contribute to the distribution of the profits.

Elaboration of a Class Explanation

So far, I have only gestured at the class analysis of poverty. In this section I will elaborate it is necessary to define carefully the social class, economic exploitation, and class. Capitalism explains how they generate a social system and functional role.

The parable of the shmoo

A story from the Li’l Abner comic strip set the stage for the discussion of the situation of the episode: Li’l Abner, of Dogpatch, discovers the “shmoo,” and brings a herd of them to his farm. Their sole desire in life is to please humans. The material things human beings value, such as with luxuries, but only with the shmoo hunger, they can become ham and cheese sandwiches. When they multiply rapidly so you never have a little value to the wealthy, but of the shmoo restores humanity to the Gospels. Adam and Eve from Paradise for the moments was that from then on, they “earn their bread by the sweat of their brow” for the need to preserve a decent.

In the episode from Li’l Abner, the rich capitalist, F.U. Anderson, does a study of society in America in order to hire the cheap labor of the poor in order to hire the cheap labor of the poor. It turns out to be Dogpatch. F.U. and others recruit employees for the new factory sequence of comic strips from 1948-
AND NOW ALL WERE COMING TO A SPOT WHERE FOLKS ARE SO IGNORANT THEY'LL NEVER DREAM OF ASKING FOR MORE THAN WE'RE WILLING TO PAY. 

HERE, THEY HAVEN'T BEEN SPOILED BY THAT SILLY FAD OF WORKING A MERE 8-HOUR DAY. 

- AND THEY'LL NEVER GET RICH ON THAT-EH? ONIONS??

THESE MISERABLE RATS ARE IN SUCH DESPERATE NEED THAT THEY'LL WORK A GOOD, OLD-FASHIONED 16-HOUR DAY. 

YOU'RE A BRIGHT BOY, HOW DID YOU FIND SUCH A SPLENDID SPOT TO MOVE OUR FACTORY? 

STATISTICS SHOW THAT THERE ARE MORE UNDERNOURISHED PEOPLE IN DOGWATCH THAN ANYWHERE ELSE. THOSE ARE THE KIND I LIKE TO DEAL WITH? THEY'RE SO GRATEFUL—BLESS 'EM??

(-PSSST- THESE POOR IGNORANT WRETCHES WILL BE GRATEFUL FOR THE CHANCE TO WORK 16 HOURS A DAY, 7 DAYS A WEEK, FOR $120 A WEEK. THEY'VE NEVER HEARD OF ANYTHING BETTER—AND (SHAME!) WE'LL NEVER TELL 'EM IT.)

- OH, YOU'RE A BRIGHT LAD? THE BOARD MAY WELL GIVE YOU $300,000 IN BONUSES AGAIN THIS YEAR?? 

- BUT-HEE-—MAYBE WE CAN SAVE 'EM EVEN LESS?? 

(QUESTION ONE OF EM?)

HOW WOULD YOU LIKE TO EARN $1,000 A WEEK? 

DID YOU SAY $2,000—FO JUST ONE WEEK? 

EA-NO-I SAID 'BUN.' 

ONLY EIGHTEEN HOURS OF HARD LABOR A DAY—ONLY SEVEN DAYS A WEEK—AN' YO'LL PAY US SIX DOLLARS, FO' JUST TH'ET? 

THEY WOULDA BIN A MIGHTY JUICY PROF- 

ZISHUN—E.E. 

BUT NOBODY WANTS TO WORK AN' ANYBODY KN HAVE 'EM FO' FREE? 

SHMOOS DOES EVERYTHING? 

EVERYTHING?? 

NO NO?? — I SUPPOSE THEY PROVIDE YOU WIT THE NecessITIES OF LIFE—MILK, BUTTER, EGGS, MEAT—
The presence of shmoos is thus a serious threat to the labor and gender relations. Workers are more discontented with their labor and no longer have to accept "guff" from their bosses. Women are no longer economically dependent and do not have to put up with sexist treatment.

In the episodes that follow, PU and his allies embark on a campaign to destroy the shmoos. They see the shmoos as a sinister influence that threatens American society. The specter of the Garden of Eden is used to illustrate the perils of the shmoos.

The saga of the shmoos helps to clarify the dynamics of workers and capitalists. The preference ordering of capitalist class analysis is shown to be at odds with the fate of the shmoos. Consider four possible scenarios:

1. Everyone gets a shmoos; only capitalists get to keep them.
2. Shmoos are destroyed so everyone gets to keep them.
3. Both workers and capitalists are left better off with shmoos.
4. Both workers and capitalists are left worse off with shmoos.

The preference ordering of capitalist class analysis suggests that everyone gets a shmoos; only capitalists get to keep them. This indicates the preference ordering for the fate of the shmoos. However, the saga of the shmoos suggests that the preference ordering of capitalist class analysis is misleading.

1. This preference ordering assumes that the shmoos provide a discussion of the issues in conditions where the gender and class differences are important. (Wright 1997: 5-7.)
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 shmoo. 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 shmoo 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 shmoo; their third preference is that only capitalists get the shmoo; and their least preferred alternative is that the shmoo 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 byproduct 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 workers from acquiring the means of subsistence even if they believe that acquisition does not take the form of wages or income from capitalists to workers. This generates a set of incentives such that the only way to destroy the Garden of Eden.

While in real capitalism capitalists do not destroy the shmoo, there are episodes in the history of capitalism when capitalists have a kind of quasi-shmoo in their ownership. They have to labor for their living, they do not have to have a labor market; some times and places capitalists have actually reduced the capacity of subsistence peasants, perhaps in order to recruit them as a labor force, as a source of monetized hut taxes in South Africa in the case of subsistence peasants to enter the labor market in order to have cash to pay their taxes. More are opposed to social arrangements that have a particular character. Capitalist class interests are thus not universal guaranteed basic income or unemployment, even if the taxes to support such an arrangement are paid out of wages and thus did not directly come from the worker. This reflects the sense in which capitalist exploitation is fundamentally antagonistic interests between workers and capitalists.

The concept of exploitation

The story of the shmoo revolves around the divisions, class interests and exploitation. The story – capitalists who own the means who do not. By virtue of the productive assets and labor power, they each face a set of costs that they can pursue their material interests. The presence of these costs transforms these constraints and is a threat to capitalists. Why? Because it undermines the power of workers. “Exploitation” is the term for understanding the nature of the antagonistic interests between capital and labor.

Exploitation is a loaded theoretical term, attached to condemnation of particular relations and
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. 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 labor from the oppressed to the oppressor; exploitation depends simply on the exclusion of the oppressed resources, but not on their laboring effort. Inequalities in question are rooted in ownership of resources.

The crucial difference between exploitative oppression is that, in an exploitative relation, the oppressed since the exploiter depends upon them in the case of nonexploitative oppression, the oppressor would simply disappeared. Life would be for the European settlers to North America of uninhabited by people. Genocide is thus always nonexploitative oppressors. It is not an option of exploitation because exploiters require the labor of the other. It is no accident that in this abhorrant folk saying, "the only good Indian is a dead Indian," the saying "the only good worker is adead dead slave. It makes sense to say "obedient and conscientious worker," but not "dead worker." The contrast between South Africa and their treatment of indigenous peoples reflects in North America, where the indigenous peoples virtue of being coercively displaced from their homeland by genocide was part of the basic policy of survival and resistance; in South Africa, where the European whites depended upon African labor for its economic survival.

Exploitation, therefore, does not merely destroy actors, but a pattern of ongoing interactions or relations which mutually bind the actors together. This dependency of the exploiter who has exploited a certain form of power, since humans at least some minimal control over their own equality in the control of labor which relies exclusively on the control of the exploited, it is generally systematic pressure on exploiters to persist or outdo one another to try to elicit some cooperation from them. Paradoxically perhaps...
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 preclude 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. Without at least a thin notion of the moral worth it would be impossible, for example, to distinguish taxation from exploitation. Taxation, and in many instances there is argue interests between the taxing authorities and the individual. Even under deeply democratic conditions many people would not voluntarily pay taxes to enhance their personal material interests by taxing the tax payments. Right-wing libertarians in fact form of exploitation because it is a violation of property rights and thus an unjust, coercive "Taxation is theft" is equivalent to "taxation that the capitalist appropriation of labor effort," therefore, implies something more than material interests between workers and capitalist appropriation is unjust.

While I feel that a good moral case can be egalitarianism that provides a grounding for opposition as unjust, it would take us too far into philosophical justifications for this claim. In sociological class analysis, the crucial issue of antagonism of material interests that are linked to the appropriation of labor effort, and I refer to this as "exploitation."

Class

Underlying both the concept of simple material concept of exploitation is the idea that the productive resources which are important for most people have the property that one's welfare is enhanced from access to the resource. Oppression occurs when access is restricted or denied. Oppression occurs when such exclusion from resources also resource the capacity to appropriate the fruits of the peasants off the land and let them fend for themselves.

14. The use of the Shmoos as an illustration for me introduced to me by G.A. Cohen in a lecture on British topics.
15. These strips are reprinted in Al Capp, L'il Abner, Wisconsin 1992.
16. The modifier "illegal" is necessary since there the exclusive use of a resource by one group may be justified 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. 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 simultaneously exploited through skill or other secondary means and also argued that the de facto ownership of the middle class might also be seen as a form of exploitation.

Whether or not these extensive forms of exploitation are satisfactory, the class struggle remains powerful. To the extent that intense oppressive relations, there will be pressure on the working class to find means through the logic of interests and power.

Class, exploitation and poverty

The concepts we have been exploring need to be broken down and the poverty needs to be broken down into oppositional categories. The exploitative oppression. The formal policy discourse is called “the working poor” to the “underclass.”

The working poor

If one takes a static view of the conditions that underlie the existence of the working poor to the point that they are confined by low wages; and (2) man- limited possibility of geographical migration, there may be jobs that accept such poor-paying jobs. With the exception of a sizeable number of otherwise affluent society can be viewed as the many dynamic consequences of the conservative labor movement. A systematic class, however, likely to be committed to reducing the size of the working poor. When such a movement is closed to the power of using the state to break the class.

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 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).


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 improvement are particularly dismal.

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.

21. This is the essential way that the term “interconnection between race and class” was defined, for example, by the civil rights movement in the United States. Once African-Americans were finally able to enter the mainstream of American industry

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-

acts with the underlying class structure of poverty which we confront.

Adding a class analysis perspective, adding another variable to a labor model. It changes the way we think about attempts to do something about poverty. The analysis of poverty argues that the privileged people with a strong, powerful poverty, significant advances to the position of States must place the problem of poverty at the center of the political agenda.

This does not imply rejecting the "reforms proposed by liberals would deal with the "product" view of poverty. The prolonged processes of skill formation and training by channeling government-provided jobs in the face of proposals. The mistake is the view is achieved primarily by demonstrating powerful groups that these reforms are the answer to the problems of poverty. So long as the power to maintain reform can only be achieved through the application of pressure which challenges the United States. This does not mean that inequalities can be reduced by new and unchecked if there are to be significant reforms cannot be achieved uni
ter which always seeks to win, it can only be achieved through victimizing losers who will have to pay.

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.

23. The term "privileged" is a convenient label for those groups that are either simple (non-exploitative) or have a certain economic advantage within their group; its advantages are rooted in process.