A Revolution in Class Theory*

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Many Europeans in my generation—among them some of my closest friends—have never had a "real" job. They have spent their adult life alternating between the dole and precarious, often government-sponsored jobs. And as they grow older, they have less and less hope that their situation will ever improve. The stark contrast between their position and, say, my own or that of most of my readers—a safe job with a decent wage, career prospects, pension rights, sizable perks and so on—has made me increasingly uneasy, not least because the dark side of this contrast has been growing with the arrival of each new cohort on European labor markets. If this deep split has, as I have come to believe, become a permanent feature of welfare-state capitalism, there is at least some intuitive appeal in looking at it as a cleavage between two classes.

Yet, faced with this phenomenon, standard class analysis has little to say. The central class divide in our capitalist societies, it says, is between capitalists and workers, between the owners of the means of production (and their agents) and those who operate the latter in exchange for a wage. Within this framework, the unemployed are classified as "virtual" workers, who just happen to be temporarily out of work. Like "actual" workers, their central complaint is the capitalists' monopoly of the means of production. And their struggle to improve their lot cannot but merge with the pursuits of the labor movement. If this were all class analysis could offer in the present context, it would be worrying indeed since it is unpleasantly reminiscent of bourgeois apologetics at the time.

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of the incipient labor movement, when the spokesmen for capitalist interests attempted to convince workers that the only privilege that mattered was landownership and that, therefore, the only real fight was against landowners.

Is class theory, as developed in the Marxian tradition, bound to become the "scientific" guise of welfare-state capitalism's established working class? Or can it be revised and extended to provide an illuminating critical analysis of social relations in contemporary capitalist countries? I believe that it can, but that extensive alterations in the standard class-theoretical framework are required. Some key ingredients for the needed reconstruction have recently been developed by Erik Olin Wright on the basis of John Roemer's theory of exploitation.1 My main aim, in this paper, is to rephrase and generalize the Roemer/Wright approach in such a way that it can be fruitfully applied to the issues raised above.

In the first two sections, I spell out the distinctive formal features of this approach, and, in the third and fourth sections, I show how its most radical extension can cover domination as well as exploitation, and sex or race as well as "productive" classes. Even when restricted to exploitation and to productive assets, however, the Wright/Roemer approach can accommodate the notion of organizational classes, Wright's most original contribution, and the closely analogous notion of job classes (discussed in the fifth and sixth sections, respectively). In the last two sections, I argue that the concept of job classes provides an essential tool for understanding the specific class structure of welfare state capitalism and the new class struggle, which will, under some conditions, develop on the basis of that class structure. Some recent contributions to the microeconomics of unemployment and the emerging debate in Europe on the "universal grant" will prove to be of crucial importance for this discussion.

What Do We Want Classes to Be?

Conceptual discussions are pointless if we do not specify what job we want the concept under discussion to perform. Here I take it for granted that the purposes of class theory are not primarily normative. Consequently, we do not need to try to make sense of the claim that we must strive for a classless society—even though the class concept we end up selecting may be such that we can defensively maintain that classes ought to be abolished. Instead, I assume that we are searching for a class concept that is

1. relevant to the explanation of consciousness (ideology, values, attitudes) and/or action (lifestyle, political behavior, social conflict).2

What, then, is a class explanation of consciousness or action? I submit that the explanatory variable must at least be

2. hierarchical, in the sense that one can meaningfully say that one class is "superior" to another.

In other words, class has something to do with inequality. Moreover, the explanatory variable must also be

3. discrete, in the sense that belonging to a class is not just a matter of degree.

In other words, even if class is defined by reference to some gradient (income, wealth), there must be some nonarbitrary border. These two conditions are still very liberal. They would be met, for example, by a classification that grouped people according to whether they can curl their tongues or according to whether they lived above or below sea level.

The class-theoretical research program is, of course, more distinctive than this. It is rooted in a materialistic conception of history and hence requires classes to be defined in "materialistic" terms. This can be understood in two distinct senses. One may mean that classes must be

4. concerned (by definition) with the distribution of material advantages and burdens, that is, of (a) income and work, but also possibly of (b) exercise of and submission to power.

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2. As Jon Elster (Making Sense of Marx (Cambridge: Cambridge University Press, 1985), pp. 355–6) notes, Marx himself primarily used the concept of class to explain collective action. Marx also tended to view the explanation of behavior by class in terms of a simple convergence between the class map and the behavioral map of a society (see J. Elster, "Three Challenges to Class," in Analytical Marxism, ed. J.E. Roemer (Cambridge: Cambridge University Press, 1986), section 2). In both respects, the present characterization of the class-theoretical research program is broader: it leaves room for class explanations of individual behavior, and it allows for a more complex causal link between class and behavior.
or that they must be

5. rooted (by definition) in the *property relations* that characterize the mode of production concerned.

Property relations refer, for example, to the feudal rights enjoyed by the lords over their serfs or to the capitalists' private ownership of the means of production. Under either interpretation, this requirement of materialism implies that classes must be "objective," in the sense that belonging to a class is a matter of situation rather than of consciousness or action. If classes were a matter of consciousness or action, class explanations, given the nature of the facts they are meant to explain, would tend to become tautological.

Very schematically, it could be said that conventional definitions of class meet either condition 4 or condition 5, but never both. The conventional exploitation definition (workers versus profit earners) meets 4a. The conventional domination definition (workers versus their bosses) meets 4b. And the conventional ownership definition (workers versus the wealthy) meets 5. As we shall see, Wright's new concept of class has the advantage of simultaneously meeting 4 and 5, while elegantly generating a set of hierarchical and discrete classes that do not give rise to the "embarrassment of the middle classes." In other words, Wright's concept is materialistic in both senses mentioned above as well as hierarchical and discrete, and, unlike conventional definitions, it does not generate large intermediate categories that are hard to put to explanatory use. The method Wright uses to achieve this remarkable result is directly inspired by John Roemer's "game-theoretical" concept of exploitation. Let us carefully examine what it consists in.

The Logical Structure of Class Explanations

In the third part of his *General Theory of Exploitation and Class*, Roemer defines exploitation with the help of a "withdrawal game." A group is exploited (or exploits) if its members would become better off (or would become worse off) as a result of withdrawing from the economy. By varying the rules to which this withdrawal must conform, one can generate a number of institutionally specific types of exploitation. Feudal exploitation, capitalist exploitation, and socialist exploitation are distinguished by, respectively, whether the withdrawers are allowed to depart with their initial share of all assets, their per capita share of alienable assets (wealth), or their per capita share of inalienable assets (skills). Unfortunately, this formulation in terms of withdrawal games leads to a number of counterintuitive consequences, especially as we relax the restrictive assumptions of a perfectly competitive economy with income-maximizing agents within which Roemer conducts his argument.

Such difficulties can largely be resolved, however, if one interprets Roemer's game-theoretical definition as a simple conceptual *test* to check for exploitation under highly idealized circumstances (perfect competition, constant returns to scale, no incentive effects). The *definition* of exploitation, however, is to be phrased directly in terms of the *causal* influence of the distribution of various assets on the distribution of income (or of income—leisure bundles). In feudal exploitation, distribution of ownership over *people* affects the distribution of real income. In capitalist exploitation, the unequal distribution of ownership of the *means of production* influences the way incomes are distributed. And in socialist exploitation, it is the unequal distribution of *skills* that plays a causal role in shaping the distribution of income. To this list, Wright adds *organizational* exploitation, which can analogously be defined by reference to the influence of an unequal distribution of organizational assets on the distribution of income. He accordingly defines as many classes as there are combinations of exploiter or exploited statuses according to these various definitions.

This general concept of class beautifully meets the various desiderata set forth in the previous section. It is hierarchical and discrete in the sense specified there: the nonarbitrary boundary between classes is determined by asking who would be better off and who would be worse off if the type of asset under consideration were equally distributed. It is also materialistic in the sense of both conditions 4 and 5. Since it refers

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3. There is no lack of "subjective" definitions of class in this sense among authors who explicitly distance themselves from the Marxist tradition. See, for example, in the last section, the grounds on which Dahrendorf and Gorn refuse to grant class status to the unemployed.

4. And not by Roemer's own concept, to which I return below. What I here call the Roemer/Wright approach to class (based on Roemer's game-theoretical treatment of exploitation) must not be confused with what I call below (see especially note 14) the Roemer/Klare approach to class (based on Roemer's "endogenous" analysis of class).

5. See the *Politics and Society* (vol. 11 (1982)) symposium around Roemer: "New Directions in the Marxist Theory of Exploitation and Class.

to the distribution of income, it is clearly concerned, by definition, with material advantages. And since it refers to the distribution of assets, it is rooted, by definition, in the structure of property relations that characterizes a mode of production.

The logical structure of the class-theoretical research program is thereby given a new, and rather attractive, shape. Contrary to simplistic presentations, class theory does not attempt to derive whatever aspect of consciousness or action it aims to explain (E) from the distribution of material advantages (M), using the simple causal scheme: M → E. Nor does it attempt to derive its explanandum (E) from the distribution of a particular type of asset (A*)—for example, the alienable means of production—to which it would give a special privilege at all times and places, using the simple causal scheme: A* → E.

Rather, the class-theoretical research program consists in first asking, within a given historical context, which type of asset (A) exerts a major influence on the distribution of material advantages (M), and in next conjecturing that the control of that type of asset (A) therefore constitutes a major factor in the explanation of whatever aspect of consciousness or action one wants to explain (E), in particular of those aspects that command the future of the mode of production (attitudes and behavior with respect to property rights).7 Hence, the underlying causal scheme can be represented as (A → M) → (A → E). In other words, a class explanation entails the existence of three causal links. If the first link (A → M) were absent—for example, if all material advantages were distributed by a lottery—there would be no distribution of asset (A) and therefore no effect of asset (A) on the distribution of income. The third link (A → E) would be the same. If the third link (A → E) were absent—say, if the asset (A) did not shape consciousness and behavior—the class explanation would be straightforwardly falsified. Moreover, even if the assets that shape the distribution of income also shape those aspects of consciousness and behavior that interest us, the class explanation may still be false; the truth of such an explanation requires the assets to shape consciousness and behavior because they shape the distribution of income—that is, it entails the existence of the central causal link in the formula given above.8

Thus, class is now defined in terms of income inequality. But class so defined differs fundamentally from an income group, not just because the definition turns a continuous distribution into a discrete classification (those who would be better off and those who would be worse off if assets were equalized), but mainly because it filters out any aspect of the income distribution resulting from choice or change rather than from the unequal distribution of some asset.9 Class divisions are therefore closer to inequalities in the control over assets. However, belonging to the exploited differs fundamentally from belonging to some particular asset is not equivalent to having more than the average amount of that asset since assets may be left dormant instead of being used "productively" to generate income. The owner of dormant assets would not be made worse off by asset equalization. The possession of assets is a potential and is turned into class membership only when this potential is used.

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7. As Minou Carchedi pointed out to me, this provides a neat interpretation of the old Althusserian distinction between "dominance" and "determination in the least instance." Which type of asset—and hence which class struggle—is dominant (A → E), varies from one mode of production to another, but is determined throughout history by an invariant criterion. This criterion gives dominance in this sense to whichever type of asset most powerfully influences the distribution of material advantages (A → M)." For a formally close but different interpretation, see P. Van Parijs, "Theoretical Foundations of Class Theory," Cambridge University Press, 1984, pp. 88-104.

8. Note that the truth of M → E, though sufficient for the truth of (A → M) → (A → E), is by no means implied by it. Class theory, as characterized here, is not committed to asserting that assets affect behavior because assets affect income and income in turn affects behavior. Simply or in combination, the three causal links that class theory consists in asserting do not even entail that income affects behavior or that there is any statistical correlation between income and behavior. For an old, but still very useful clarification of this point, see H.L. Costner and R.K. Leik, "Deductions from 'Axiomatic Theory,'" American Sociological Review, vol. 29 (1964), pp. 819-35.

9. Talking about an asset-based income inequality is just a convenient shorthand. Unequal distributed ownership of asset A can conceivably affect income, and equality of income can therefore be present, even though income is distributed in a perfectly equal way. This can happen because the influence of asset A on income could (by a fluke) be exactly offset by the influence of other assets (whose ownership would need to be inversely correlated with that of A) or by the play of individual preferences and luck.

10. One's present assets may result from past chance or choice. When assets are distributed from chance and change as major influences on income, some time scale is implicitly brought in. Restricting ourselves to the two extreme possibilities, we must decide whether the equalization thought experiment that enables us to determine which class someone belongs to should operate on "initial" or on "current" endowments. In the case of wealth, for example, should one equalize what people have received and can still be expected to receive (leaving out choice and chance) over their whole lifetime? Or rather, should one equalize the wealth people happened to have, say, at the beginning of this month? For explanatory purposes, one major advantage of the first option is that it enables class theory to discriminate between the young with good and bad ("structural") prospects, instead of lumping (nearly) all of them together into the wealth-exploited class. One major advantage of the second option is that it puts into the wealth-exploiting class those who have accumulated wealth through a combination of chance and choice (that is, hard work, persistent thrift, and good luck), while putting those whose chance and choice have left with very little of their initial assets into the wealth-exploited class. Realizing the importance of the time scale selected does not blur the distinction between assets on the one hand and choice or chance on the other hand. But it does make it necessary to specify whether reference to initial assets or reference to current assets makes the concept of class more fruitful as far as the explanation of consciousness and action is concerned.
THE DEBATE ON CLASSES

Class, Domination, and Exploitation

Erik Wright describes the move to this new concept of class, inspired by Roemer's approach to exploitation, as a shift from a domination-based to an exploitation-based concept of class. The gist of his move, however, is just as compatible with the former as with the latter. There is no reason why, in the logical structure spelled out above, one should restrict the interpretation of material advantages (M) to income, or even to income-leisure bundles, and hence leave out power, construed as the (successful) giving of commands. Just as we can distinguish between capitalist exploiters and the capitalistically exploited in terms of whether they would have less or more income (with an unchanged amount of labor) if wealth were equalized, could we not distinguish between capitalist dominators and the capitalistically dominated in terms of whether they would have less or more power if wealth were equalized? And what applies to wealth-based inequalities can easily be extended, mutatis mutandis, to inequalities deriving from the unequal distribution of other types of assets. What is central to a Roemer-inspired approach is the fact that it focuses on the causal link between assets and material advantages and not on the particular type of material advantage it happens to select.

Of course, for such an extension of the class concept to be of any use, we need a well-defined concept of power. In particular, we need a concept that lends itself to measurement at least to the extent that it is in principle possible to say whether someone's power would be increased under various hypothetical arrangements. Note, however, that this implies no more than an intra-personally comparable and ordinal—though ultimately one-dimensional—concept. (We do not need to be able to say how much power an agent has or whether he/she has more power than another, but only whether his/her power increases or decreases.) Note, too, that income, especially but not exclusively in a nonmonetary economy, is not an unproblematic concept either. (Think, for example, of the fuzzy notion of a perk: Should the enjoyment of a large desk or thick carpets, and not just that of a company car and business meals, count as part of a manager's income?)

Furthermore, the concept of power we need has to be analytically distinct from the various asset concepts. This may seem particularly tricky in the case of ownership rights over people, of control over the state, and of organizational assets. The intuition that needs to be worked out, however, is that these assets—just like the ownership of wealth and skills—are titles or rights, to be enforced by legal or customary sanctions, whereas power, as a material advantage derived from one's ownership of assets, consists in actually getting one's commands obeyed, shaping what is produced and how. The test for analytical distinctness is that one must not consider the agent as being able to hold those assets—to be a feudal lord, a manager—without actually giving the orders that the holding of these assets entities one to give, just as the test for the analytical distinctness between wealth and income is that one must conceivably be able to be rich without earning any income.

If these conceptual difficulties can be solved—and I believe they

11. Moreover, Roemer's concept of exploitation itself arguably has little to do with exploitation, as the term is commonly understood. I argue elsewhere (see "Exploitation and the Libertarian Challenge," in Modern Theories of Exploitation, ed. A. Reeve (Los Angeles: Sage, 1987), section 2; and, more fully, What If? Anything Can Be Capitalism, ch. 2) that any defensible explication of our (or indeed Marx's) notion of exploitation must fulfill at least three conditions: A exploits B only if (1) B works, (2) A gets a rent from B, and (3) A exploits B in the sense of Roemer, defined here. Roemer's definition also allows for two autarchic communities to exploit and be exploited because of unequal endowments, even though neither of them derives any benefit from or exerts any power over the other. Hence, although I shall for convenience continue to do so below, using the term exploitation to refer to Roemer's concept is misleading. So, too, if only for this reason, is describing Wright's redefinition of class as a shift to an exploitation-based concept. In the text, however, I ignore this semantic issue.

12. Agents may trade income off against leisure, and the unequal distribution of assets may therefore substantially affect the distribution of material advantages by generating massive inequalities in leisure time while hardly affecting the distribution of income. Imagine, for example, a society in which people choose to work just enough to get a subsistence income and some of whose members control an amount of wealth just sufficient to give them that income without working at all. In such a situation, wealth equalization would not make anyone better or worse off in income terms. It would only lead some people to work less (or to take on more attractive jobs) and other people to work more (or to take on less attractive jobs) than before, in order to maintain the same income level. For formal models along these lines, see Roemer, A General Theory, part 1.) To take this possibility into account, one needs only to modify the counterfactual exercise slightly. Instead of simply asking whether people's incomes would increase or decrease as a result of asset equalization, one must now ask this same question assuming that everyone keeps doing the same job for the same length of time.

13. Consider a hypothetical situation in which all incomes are equal, not by virtue of people's preferences (some of them would like to earn more than the equal-income share), but by virtue of the system's basic rules: taxes are collected in such a way that both the post-tax return on capital and the post-tax wage rate are zero. (For a description of such a system and an argument that it could work, see J. Carens, Equality, Moral Incentives and the Market (Chicago: University of Chicago Press, 1981), part 1.) In such a situation, the wealth-equalization test (whether in its simpler version or in the modified version described in the preceding note) would lead to the conclusion that, even though wealth is very unequally distributed, there is no wealth-based exploitation. At the same time, wealth-based domination may be ubiquitous. Those who own the factories get no pay except on their capital, but they may well exert considerable power over the workers they hire, even though the latter find their jobs so attractive that they are willing to take them at a zero net wage.
can—the result will be a dual concept of class that extends Wright's concept while preserving the key feature of Roemer's notion of exploitation (the systematic connection between assets and material advantages). In other words, what Roemer's insight prompts is not a shift from a domination-based to an exploitation-based concept; it just happened that, being interested in exploitation, he naturally focused on one particular type of material advantage—namely, income. Rather, what Roemer's insight prompts is a shift from definitions of class phrased either simply in terms of material advantages or simply in terms of assets to a definition phrased in terms of the causal link between advantages and assets. If asset-based power is as worthy of a place in a materialist approach as asset-based income, there is no reason why such an approach should emphasize exploitation over domination. For the sake of simplicity, however, the rest of this paper is almost exclusively concerned with exploitation.

The Radical Extension: Race and Sex as Class

Turning our question from material advantages to assets, we can similarly ask why Wright restricts assets to the four rights he lists: over people, over means of production, over skills, and over organizational assets. To give this question a rigorous answer, let us first turn to Roemer's original discussion of exploitation. Most of it focuses on two types of assets, wealth and skills (which he sometimes contrasts as alienable and unalienable, respectively). Thus it is not surprising that he ignores this sort of economy: Roemer's classes are about—in equilibrium, determined by marginal product. In such a context, only those

14. As mentioned earlier (note 4), Wright's concept of class, based on Roemer's concept of exploitation, differs from Roemer's concept of class, recently taken over and generalized by Jen Elster (Making Sense of Marx, section 6.1). Roemer (A General Theory, chs 2 and 4) defines class as a capitalist society in terms of whether people's optimal course of action consists in selling their labor power, in hiring someone else's labor power, or in being self-employed (or a combination of these). This is not a purely behavioral definition but a modal definition in terms of a relation between people's assets (which determine, jointly with people's preferences, what is their optimal course of action) and their overt behavior. It can be generalized to any type of economy: "A class is a group of people who by virtue of what they possess are compelled to engage in the same activities (working or nonworking, renting or hiring land, capitalist or laboring, giving or receiving orders) if they want to make the best use of their endowments" (Elster, Making Sense of Marx, p. 331; see also idem, "Three Challenges to Class," section 2). Why not adopt this general definition instead of the one used in the present paper?

It is important to note, first of all, that the above definitions use the expression "compelled" in a very weak and unusual sense: being compelled does not consist in having no other option or in having no other tolerable option, but simply in having no better option. In this sense a Rockefeller who plays at being a proletarian is not just someone who does something (selling his labor power) he is not compelled to do, but iso facto also someone who does something (working in factories) that he is "compelled" to do. Such people are absent from Roemer's models. But there are many of them in the real world: people who fail to optimize—for example, by hiring no one when, given their endowments (and inherited preferences), they should, or by remaining idle when optimality (on their part and on everyone else's) would require them to work. This leads to a dilemma. Either the same classes in terms of what people are "compelled" to do, whether or not they actually do it, in which case we end up with "workers" who have never worked and "employers" who have never hired anyone—not a promising point of departure for treating the issues mentioned at the beginning of this paper—or we define classes as categories of people who do something they are compelled to do (or, somewhat more strongly: people who do whatever is compelled to do because they are compelled to do it). In this case, we end up with huge gray areas containing many more than one crazy Rockefeller. This dilemma, which does not arise in the Roemer/Wright approach, points, in my view, to a serious defect in the Roemer/Elster general concept of class and provides a major reason for rejecting it.

Elster, however, objects to the Roemer/Wright approach on two distinct grounds. First, he claims, an exploitation approach is bound to be either too coarse-grained or too fine-grained. Too coarse-grained, if classes are just a matter of exploiting or being exploited—which prevents us from distinguishing between capitalists and landowners, for example. Too fine-grained, if classes are made a matter of degree of exploitation, which does not give more or a basis for a nonarbitrary discrete classification than does income distribution (see Elster, Making Sense of Marx, 323-4). However, the Roemer/Wright version of the exploitation-based approach allows us to make as many qualitative distinctions as there are types of assets we want to distinguish. Moreover, it provides—no more but no less than the Roemer/Elster approach—a nonarbitrary device for turning the continuous distribution of assets into a small number of discrete categories.

Second, Elster (Making Sense of Marx, p. 328) argues that "exploitation status does not serve as a motivation for collective action, since no one in a society knows exactly where the dividing line between exploiters and exploited should be drawn." Not so. Elster, however, that this applies much less to the Roemer/Wright exploitation concept than to the standard one (in terms of net value appropriation). It is, of course, in most cases extremely difficult to assess whether someone's income would be higher or lower if they were not a capitalist. But this is not the issue now if all assets of a given type were equalized. How much income would individual end up with? Aside from the complex dynamics of incentive effects, on possibly countervailing power relations, price effects, and on the individual's own preference structure. But Roemer's exploitation criterion abstracts from these intricacies and must do so (see Van Parijs, What (If Anything) Is Wrong with Capitalism, ch. 4, for a more detailed discussion), in such a way that it comes down, in practice, to simply checking whether the individual concerned owns more or less than the average amount of the type of asset under consideration. For most types of assets and most individuals, which side of this dividing line they are on should be pretty clear. Indeed, this criterion is likely to apply unambiguously in many more cases than the Roemer/Elster criterion, as soon as one fully takes into account that the latter is not a behavioral definition but a modal one: one cannot determine someone's position by looking at what (s)he does; one needs to look at what (s)he has and work out in this light what is optimal for her/him to do. Many cases will, of course, be unproblematic (you cannot rent out land if you have none, or hire workers if you cannot provide them with tools, but the number of uncertain cases cannot but be greater under this criterion than under the Roemer/Wright exploitation criterion. Consequently, if Elster's objection were sufficient to drive us to declare his target, it would be more than sufficient to blow up the position from which he is shooting. (Roemer's proof of a systematic correspondence between class and capitalist exploitation does not invalidate this conclusion. The correspondence derives from the connection between wealth on the one hand and both class and exploitation in Roemer's sense on the other hand. But since Roemer's class partition is more fine-grained than his exploitation partition, it is clear, even in this particular case, that class status is harder to assess than exploitation status.)
items that "contribute to production" can affect the distribution of income. Skills are simply all those productive items that cannot be detached from their bearers (and hence cannot be sold), whereas all other productive assets can be sold and are therefore subsumed under the concept of wealth. The real world, of course, only vaguely resembles this simple picture. Many systematic income differences—that is, differences that do not stem from choice or chance—cannot be accounted for by differences in skills or wealth, in however broad a sense.

Indeed, Roemer speaks about feudal exploitation in precapitalist societies and about status exploitation in socialist societies precisely to denote deviations from the income distribution that competitive markets would tend to generate. When feudal bondage affects the distribution of income, status exploitation occurs when special privileges (in income terms) accrue to someone because of membership in the communist party or position in the bureaucratic hierarchy. The intuition behind feudal exploitation differs from that behind status exploitation in two ways: feudal exploitation is a personal relationship, and it is determined by birth, whereas those exploited by virtue of their lack of status in a socialist society need not be personally related in any way to their exploiters or prevented by virtue of their birth from acceding to the position of status exploiters. However, Roemer's wealth (or capitalist) exploitation covers cases in which there is a personal relationship involved (the exploitation of a wage worker by her/his employer) as well as cases in which there is nothing of the sort (two unequally wealthy autarkic communities), whereas his skills (or socialist) exploitation covers both the case of innate talents and that of acquired skills. Neither of the two differences between feudal and status exploitation can therefore consistently be used by Roemer as a basis for turning them into two distinct types of exploitation on a par with wealth and skills exploitation. Rather, to be consistent, one should construe feudal exploitation as a variety of status exploitation and define the latter—in a purely negative fashion—as income inequality stemming from the unequal distribution of "nonproductive" assets.

The plausibility of this reconstruction is enhanced if one considers that, according to Roemer, status exploitation can occur under capitalism as well. The so-called internal labor market makes for a hierarchy of wages within large firms that could hardly be said to mirror inequalities in skills and marginal products. In order to secure loyalty to the firm and strong work incentives under imperfect competition, promotion systems have been set up in such a way that income is strongly affected by seniority and by past performance. To take an extreme case, the best-paid job (which one only gets after a certain number of years in the firm and/or if one is believed to have worked harder than anyone else) might be one in which no skill is exerted and whose productivity is zero (say, sitting in a deep armchair smoking cigars and gazing through the window). Even a perfectly competitive capitalist economy with rational profit-maximizers—though not, of course, a perfectly competitive economy of independent producers—could contain such jobs. Whether one can attain such positions, that is, whether one can become a status exploiter, may, of course, depend on the skills one possesses and has exerted in the past. But this does not turn status exploitation into a variety of skills exploitation, just as the fact that one's current wealth is the result of the past exertion of one's skills does not turn wealth exploitation into a variety of skills exploitation.

There are, of course, many other dimensions of status exploitation in this purely negative sense, most of which can be viewed either as constraints on the free operation of the market or as responses to imperfect information or transaction costs. For example, my Belgian citizenship gives me a number of income advantages over citizens of some other countries because citizenship determines, to a significant extent, where one is allowed to settle, which jobs one can apply for, or what benefits one is eligible for. Similarly, the fact that in some remote past I got a degree—perhaps to certify that I had acquired some skills that have nothing to do away—also enables me to get higher benefits and better-paid jobs.

Moreover, a significant part of what is usually called sexual or racial discrimination can be given an analogous interpretation. True, the concept of productive skill could be stretched to cover the facts that a male executive does not risk career interruption by pregnancy or that a black shop assistant may turn away racially prejudiced customers. True, too, much discrimination takes the form of the indirect influence of race or sex on income via selective access to skill acquisition. There is little doubt, however, that this attempt to reduce sex and race either directly

16. See ibid., p. 247.
17. For a subtle attempt to reconcile marginal-product payment (as far as career profiles, not synchronically given incomes, are concerned) with internal wage hierarchies, see, however, I.M. Malcolmson, "Work Incentives, Hierarchy, and Internal Labour Markets," Journal of Political Economy, vol. 92 (1984), pp. 486–507. If all internal wage hierarchies can be analyzed in this way, intra-firm "status exploitation" vanishes as soon as the appropriate time scale is selected.
to skill or indirectly to factors commanding skill acquisition leaves a considerable residue. Equally skilled men and women and blacks and whites frequently get unequal rewards because of their sex or race, even though they would not in a perfectly competitive economy. 18 In other words, there is specifically racial and sexual exploitation. Being (at least) as innate as feudal exploitation and almost as impersonal as citizenship or degree exploitation, both are varieties of status exploitation as defined above.

The notion of status exploitation then simply covers all types of income inequality attributable neither to choice nor to inequalities in wealth or skills. Given the heterogeneity of this residual category, it is presumably wise not to define a single status-class divide (in terms of who would be better off and who worse off if the impact of status on income were neutralized). Rather, there should be as many class divides as there are factors systematically affecting the distribution of material advantages. The inhabitants of developed countries and those of the Third World, graduates and the uneducated, males and females, blacks and whites, can then constitute pairs of classes just as much as those who own considerable wealth and those who do not. 19 Which of these class divides is most relevant in a particular historical context simply depends on which factors most powerfully affect the distribution of income and power.

Productive Assets and Organizational Classes

Wright, however, explicitly and firmly resists this radical extension of the Marxist notion of class, on the grounds that the materialistic class concept we are after should be concerned only with inequalities in material welfare stemming from unequal ownership of the productive forces. 20 This restriction cannot be justified, I believe, by the expectation that the distribution of productive assets, in this sense, universally affects the distribution of material advantages more powerfully than race or sex, for example. Nor can it be justified by the belief that income or power inequalities deriving from inequalities in productive endowments are more objectionable or more conducive to ill feelings than, say, sex-based or race-based inequalities. To justify it, one needs to confine the explanation of class theory to consciousness or action related to a change in the mode of production, the latter being defined in terms of property rights over the productive forces. Classes in this restricted sense cannot be expected to provide the sole basis for a materialistic theory of consciousness and action in general. But it can sensibly be argued that such a restriction is warranted if our primary aim is to understand why a society moves from one mode of production to another because classes in this restricted sense partition society into different categories precisely according to whether they have a (prima facie) interest in a different mode of production.

Even if we accept this restriction, however, the Roemer/Wright approach can still yield a significant broadening of conventional class analysis along the assets dimension. How serious this restriction is depends on how narrowly the notions of productive forces and, hence, of mode of production are conceived. From the previous section, one might expect “productive” classes to be defined in terms of wealth and skills exploitation and the residual category of status exploitation to be ejected from the realm of class. In addition to wealth classes and skills classes, however, Wright allows for classes defined by feudal exploitation—on the grounds that labor power is a productive force—as well as for classes defined by organizational exploitation—on the grounds that organization is a productive asset distinct from wealth and skill. Can this be sustained?

Take feudal exploitation first. Either one does not view the feudally exploited as part of the lord’s property and interprets feudal exploitation as the serf’s obligation to pay a due (in labor, goods, or money) to the lord. Such an obligation, as protected by custom and enforced, if necessary, by force, is bound to influence an influence on income distribution that is not reducible to wealth exploitation. But it plainly constitutes a standard case of status exploitation in the above (purely negative) sense. Although the lord’s status can legitimately be construed as an asset—it is vested in him by the prevailing structure of property rights and commands access to material advantages—it cannot be regarded as a productive asset, that is, something that, on a par with the means of production and the skills of labor power, contributes to the social product.

Alternatively, one may interpret feudal exploitation as an inequality
of income that derives from the fact that some people own, at least in part, some other people and hence their labor power (on the slavery pattern). Feudal exploitation then becomes one aspect of wealth exploitation, along, say, with income inequality generated by the unequal ownership of horses. However, there is a sufficiently significant qualitative difference between such human wealth and other types of wealth to justify our assigning societies in which the ownership of other people is allowed (partial or total slavery) and societies in which it is banned to different modes of production. (Similarly, a society that bans the private ownership of land though not that of other material means of production may be said to have a mode of production distinct from the one obtaining in a society in which all nonhuman goods can be privately appropriated.) The need to explain changes in the mode of production would then make it mandatory to allow for feudal (and possibly land) classes in this sense, instead of lumping everything together under the single heading of wealth classes. To sum up: if, as Wright insists, classes have to be defined in terms of income inequalities stemming from unequal control over productive forces, then either feudal classes are not classes at all or they constitute a subtype of wealth classes, though one that may deserve separate treatment.

An analogous reduction to wealth exploitation is out of the question in the case of Wright's most novel category, *organizational exploitation*. Organization assets consist in "controlling the technical division of labor, the coordination of productive activities within and across labor processes." There is no doubt that the way in which the division of labor is organized can affect productivity to a tremendous extent and that those who do this organizing are thereby enabled to appropriate considerable material advantages (both in terms of income and, almost by definition, in terms of power). But it does not follow that organization assets constitute a distinct type of productive asset. Here again, two interpretations are possible. One could view the task of organizing the labor process as the exertion of a particular kind of skill. In a capitalist economy, this constitutes the specific job of the entrepreneur, who takes economic initiatives and brings capital and labor together to produce commodities. It is true that the entrepreneur's rewards cannot be reduced to capitalist or wealth exploitation: an entrepreneur might conceivably operate entirely with borrowed money. It is also true that such rewards are very different, under capitalism, from most rewards for skills, insofar as they tend to be eroded by imitation and competition and have completely disappeared from (notional) equilibrium situations. Yet, however peculiar the skill and however precarious the way in which it is rewarded, such organization exploitation is, under socialism even more than under capitalism, just a special case of skills exploitation.

There is, however, another interpretation that does justify a distinct treatment. Imagine a situation in which the job of organizing production does not require any particularly scarce, valuable skill. If the person who happens to do it were replaced by any other able-bodied worker, there would be no noticeable difference. Nonetheless, the job is an essential one, and if it were not done, economic performance would be disastrous. This gives incumbents of such positions—on a par with the possessors of skills and wealth—a potential base for claiming material advantages, providing property relations are such that incumbency is firmly established. The essential difference between organization assets and skills concerns the nature of the sanction they confer on their holders: the disturbance of the production process in one case, the withdrawal of a precious input in the other. To the extent that market forces rule, the sanction associated with organization assets is kept within narrow bounds, as its use—the disruption of production—would threaten the very source—profits booked by selling the product—of the material advantages potentially accruing to those using it. Hence, returns to organization will be under constant pressure to disappear unless they are reinvigorated by the exertion of innovative skills. Under monopolistic capitalism, however, and even more under centrally planned socialism, organization assets are given considerable leeway to shape the distribution of material advantages.

Consequently, unlike feudal exploitation, organizational exploitation cannot be subsumed under either of Roemer's two types of productive-asset exploitation (based on wealth and skills) or dumped into the residual category of status exploitation. Organization assets do affect production, though not in the same way as "withdrawable" factors of production. It makes sense, therefore, to incorporate them into the definition of a mode of production. And Wright's fourfold distinction (human means of production, material means of production, personal skills, organization) can be preserved as a meaningful and provocative conjecture about the sequence of dominant class divisions from slavery to bureaucratic socialism.

22. See the Austrian School's analysis of entrepreneurial profits (for example, I.M. Kirzner, *Competition and Entrepreneurship* (Chicago: University of Chicago Press, 1973)).
Jobs as Assets and the Microeconomics of Unemployment

Without questioning Wright's restriction to productive assets (in his fairly broad sense), however, I want to argue that this typology is badly defective because it is blind to what tends to become the central class divide under what I shall loosely call welfare-state capitalism. Persistent involuntary unemployment provides my argument with its most natural point of departure. By definition, someone who is involuntarily unemployed is someone who possesses all the qualifications required to fill existing jobs and would be willing to do so for a wage lower than that paid to current incumbents. Consequently, the very existence of involuntary unemployment establishes that the holding of jobs influences the distribution of material welfare in a way that is not reducible to the influence of skills. But if involuntary unemployment is a purely transient phenomenon, both for society as a whole and for the individuals affected, the possession of a job cannot be viewed as a significant asset. This is, of course, exactly what standard models of perfectly competitive market economies imply. Such economies constantly tend toward an equilibrium state in which all those wanting to work have a job and earn a wage equal to their marginal product. Wealth and skills, in such a context, are highly important assets, but the holding of a job does not constitute an asset at all.

In contrast with this standard approach, some recent developments in economic theory (radical as well as mainstream) have endeavored to establish the possibility of equilibrium involuntary unemployment, even under perfectly competitive conditions. One of them, the so-called insiders-outsiders approach, is directly relevant to our present purposes.23 It attempts to answer the riddle of persistent involuntary unemployment—Why don’t firms accept lower bids from outsiders instead of paying more than the market-clearing wage to their current employees?—by pointing (primarily) to the importance of hiring, training, and firing costs. Replacing an insider by an equally qualified, equally paid outsider is an expensive operation for a firm: severance pay to the worker being replaced, advertisements to find someone else, interviews, health checks, time spent teaching the job to the new recruit, initial mistakes due to lack of experience, and so forth may amount to a considerable cost that the firm saves by keeping its current employee.

This provides the insider with possibly ample room to maneuver to negotiate a wage exceeding both the outsider’s reservation wage and his/her own.

How ample this room is depends on the size of the costs involved, and these in turn are largely a matter of institutional framework. The incentive for a firm to keep a worker at a wage significantly higher than what the unemployed would be willing to accept is, for example, much stronger if sacked workers are entitled to two years’ severance pay than it is if the firm owes no compensation to the dismissed worker. How much of the maneuvering room thus created the workers will actually use depends on their bargaining power. Even a worker bargaining individually, with quitting as her/his sole weapon, may be able to win in higher wages a substantial portion of what it would cost the firm to replace her/him by an outsider. Collective bargaining and the use of such weapons as strikes and work-to-the-rule further enhance this ability, up to the point where insiders appropriate nearly all the firm saves by keeping them rather than hiring outsiders.24

It follows that some involuntary unemployment can be expected at equilibrium in any market economy relying on wage labor—there are always some hiring and training costs that will give rise, through the mechanism sketched above, to a discrepancy between the equilibrium wage (no endogenous pressure to change) and the market-clearing wage (demand matches supply). But this discrepancy, and the corresponding level of involuntary unemployment, will become significant only as the “right to one’s job” becomes institutionalized in various ways—in particular through statutory severance pay and recognition of the right to strike. Insofar as such a right is a central specific feature of welfare-state capitalism, this form of capitalism is inevitably characterized by a sizable amount of involuntary unemployment and, hence, of material inequality deriving from the unequal distribution of job assets.

This conclusion receives further support from another, quite distinct, development in the microeconomics of unemployment, the so-called efficiency wage theory. The central question is the same as above: What prevents market forces from eliminating involuntary unemployment? Why don’t capitalist firms take advantage of underbidding by adequately qualified unemployed workers? The answer, however, is very different. This theory does not address the difference between the bargaining positions of insiders and outsiders, but to the fact that productivity is affected by the wage level and that, therefore, the lowest

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24. If they appropriated the whole of it, it would become in the firm’s interest to sack everyone and recruit a new lot of workers from the pool of the involuntarily unemployed.
possible wage is not necessarily the profit-maximizing one. There are at least two reasons why this may be the case and, correspondingly, two main variants of efficiency wage theory.25 The soft, Maussian variant claims that the profit-maximizing wage is higher than the market-clearing wage because workers who feel well treated by an employer from whom they receive a wage significantly higher than their reservation wage respond to this with a countergift in the form of keen performance.26 The hard, Hobbesian variant claims instead that the firm’s optimal wage rate exceeds the market-clearing rate because raising the workers’ pay above what they could easily get elsewhere if sacked enhances their welfare losses and hence their incentive not to shirk.27 As pointed out by proponents of both variants, the central claim of efficiency wage theory can also be expressed using the Marxian distinction between labor and labor power: paying as little as possible (the market-clearing rate) for a time unit of labor power (with given skills) generally does not amount to paying as little as possible per unit of labor effectively performed since a higher payment per unit of time may enable the capitalist, for either of the reasons mentioned above, to extract from each unit of labor time a significantly greater amount of actual labor.28

It follows that, even in the absence of any attempt by insiders to take advantage of their superior bargaining position, the capitalists’ profit-maximizing behavior drives a wedge between equilibrium wages and reservation wages, thus turning involuntary unemployment into an intrinsic feature of any capitalist economy. Here again, however, this feature cannot be expected to develop more significant with growing weight of the welfare state. Carl Shapiro and Joseph E. Stiglitz, for example, point out that one of the implications of their (Hobbesian) model is a positive relation between the unemployment rate and unemployment benefits (or other welfare payments). The reason for this is not, as conventionally asserted, that high benefits slow job search and thereby boost voluntary unemployment, but rather that high benefits soften the sanction of dismissal by reducing the welfare differential between being employed at a given wage and being unemployed. The higher the benefits, the theory predicts, the higher the efficiency wage, and hence (other things remaining equal) the higher the level of unemployment.29 It hardly needs saying that this expectation is further strengthened if, as is usually the case, benefits are financed out of wages. Consequently, insofar as the development of the welfare state can be construed, at least in part, as a rise in the level of benefits (say, as a proportion of GNP per capita), efficiency wage theory warrants the expectation that welfare state capitalism will be eternally plagued by a particularly high level of involuntary unemployment.30

This is not the place to discuss how well these two approaches fit the available data on unemployment, how many of these data they explain, or to what extent they compete with or supplement other accounts based, for example, on the deficiency of aggregate demand or on rationing. If the analysis stemming from either of the above approaches is correct, however, the distribution of (irredeemable) job assets significantly affects the distribution of material welfare in any capitalist economy—as opposed to a market economy without wage labor—and this influence becomes ever more significant as the welfare state develops, whether in the form of an increasingly entrenched right to one’s job or (somewhat paradoxically) in the form of a rising level of unemployment benefits. One can accordingly define a job exploiter (a job exploder) as someone who would be worse off (better off) if his or her job assets were equally distributed, with the distribution of skills remaining unchanged and all efficiency effects being assumed away.31 Job exploi-

25. Here I ignore other possible rationales for the causal connection between wage rate and productivity: impact on physical productivity (workers can work better when they are better fed), recruitment of more productive workers (whose reservation wage is higher), impact on the rate of turnover, etc. See J.M. Makinson, “Unemployment and the Efficiency Wage Hypothesis,” Economic Journal, vol. 91 (1981), pp. 848–66; and Lindbeck and Snower, “Explanations of Unemployment,” section 3.


29. See Shapiro and Stiglitz, “Equilibrium Unemployment,” p. 434. The net effect of an increase in benefits is not just the sum of the voluntary unemployment generated in one way (search theory) and of the involuntary unemployment generated in another way (efficiency wage theory) since higher benefits may turn a significant part of the earlier involuntary unemployment into voluntary unemployment.

30. Ironically this means that the attempt to compensate those who suffer from the lack of job assets leads to an increase in the number of those who lack them and suffer from this lack. The fact that unemployment benefits reduce the number of the involuntarily unemployed (and the involuntariness of their unemployment) with a given number of jobs and given wages is perfectly compatible with their boosting considerably the number of the involuntarily unemployed, once the effects of higher (efficiency) wages and fewer jobs are taken into account.

31. Job asset equalization is not to be confused with the egalitarianization—of what Wright (Clases, p. 79) calls credentials. Both the ownership of jobs and the restriction of access to certified skills can be viewed as posing ‘barriers to entry’
tation thus defined provides a further item on Wright's list of class divisions. Like feudal, capitalist, skills, and organizational exploitation, it denotes a way in which the unequal control over some productive forces generates inequalities in the distribution of material welfare.32

The Class Structure of Welfare-State Capitalism

Just how significant is this job class division under advanced welfare-state capitalism? Does the unequal distribution of job assets generate inequalities in material welfare to anything like the same extent as the unequal distribution of capital does? Is there any sign that it affects consciousness and behavior, in particular collective action aimed at changing the corresponding property relations? Should a class struggle between those endowed with a job and the jobless be expected to play an increasingly prominent role under welfare-state capitalism?33

To tackle these questions, let us first ask in which counterfactual situation the material welfare of the millions of West Europeans who are currently receiving unemployment or welfare benefits would be most enhanced: in a situation in which capital income were equally divided among all adults or in a situation in which labor income were equally shared among all those wanting to work? There is no doubt as to the answer: the unemployed would gain much more from a redistribution of jobs than from a redistribution of wealth.34 Admittedly, this is only a very rough estimate of the significance of job assets. On the one hand, it overestimates that significance quite considerably by assuming skills to be evenly distributed between the employed and the unemployed. Although the gap between the educational level of the average worker and that of the average unemployed person has narrowed strikingly in the past ten years of massive unemployment,35 it is still far from having closed completely. Consequently, the simple test described above captures the effect of some redistribution of skills as well as of job assets. On the other hand, there are also a number of reasons why this test greatly underestimates the real impact of job assets. First, it completely ignores the indirect incomes associated with having a job, mainly pension rights, to which the unemployed fail to gain entitlement. Second, it reduces the material welfare derived from having a job to the wage attached to it. But being unemployed does not just mean a cut in one's standard of living. It also means a loss of social integration and self-respect, which badly affects the material welfare of the people affected—most notoriously their health.36

Most important, however, this test completely ignores the unequal distribution of job assets among the employed. There is, of course, a world of difference between a part-time, casual, poorly paid job and a full-time, well-protected, and well-paid one. Some of the differences simply reflect the fact that people are at different stages in their careers. Others directly reflect inequalities in skills or inequalities in the control

33 For interesting analyses of the specific nature of class relations under welfare-state capitalism quite different from the one proposed here, see M. Krätke, "Klassen im Sozialstaat" [Classes in the welfare state], Praxis, vol. 58 (1982), pp. 89-108; and J.W. Bens, "Scherpt sociale zekerheid een nieuwe klasse?" [Does social security generate a new class?], in De reconstrueerde samenleving ed. idem and G.A. van Doorn (Boom, Netherlands: Meppel, 1986).

34. In a typical welfare-state capitalist society such as Belgium, the officially unemployed have an average monthly income of about $390 (1982 figures). If (deliberate and undeclared) post-tax capital income were distributed equally among all adults, each of them would receive an estimated additional $120 every month, bringing their income up to $510. The average monthly income of employed people is $740. If all jobs (and their incomes) were divided equally among all those wanting to work, each would get $600 (total income from work or benefits divided by the number of people currently employed or claiming benefits). For the officially unemployed, this amounts to an average increase of $500 per month, that is, more than double the increase they can expect (stagnating, of course) from an egalitarian redistribution of wealth. The difference would be even larger if the unofficially (but involuntarily) unemployed had also been taken into account: most of them get far less than the average $390 of the officially unemployed, and many of them receive nothing at all. For them, of course, the income gains from the redistribution of paid work would be even greater. (I thank Paul-Marie Boulanger for helping me work out these estimates on the basis of Belgium's national accounts figures.)


over organizational assets. But many, possibly most, of the differences are irreducibly rooted in what happens to be the distribution of “ownership” over jobs. Both the insiders-outsiders approach and efficiency wage theories predict wage differences among workers with identical skills; for example, as a function of intersectoral differences in hiring and firing costs or in the cost of monitoring performance. Whether the underlying mechanism involves the unequal bargaining power attached to different jobs (insiders-outsiders approach) or the unequal interest the employer has in paying more than the reservation wage (efficiency wage theories), it is the holding of the job itself that is the source of the relevant material advantages.

One implication of this remark is that it is not just the unemployed who would gain from an equalization of job assets. Another is that even the purely static impact of such equalization becomes difficult to assess with any precision. Such an overall assessment is required, however, if one is to be able to compare the current significance of class divisions based on different types of assets. To establish that the job divide has now become more significant than the class divide, it is not enough to show that the jobless would gain more from a redistribution of jobs than from a redistribution of wealth—just as showing that the propertyless would gain more from the latter than from the former would not suffice to establish that capital ownership remains the central determinant of the class structure. What needs to be shown is that a greater share of the interindividual variation in material welfare can (causally) explained by the distribution of job assets than by the distribution of capital assets. Accurate to say, these remarks do not pretend even to start seriously investigating the empirical validity of this conjecture. But they suffice to show, I hope, that at least in some of the most developed welfare-state capitalist countries, the claim that the job class division has become the central component of the class structure makes enough sense for such an investigation to be worth undertaking.

The New Class Struggle

Suppose that, for some countries at least, such a claim can be established. Should one then expect the central class struggle under welfare-state capitalism to be one between those with a stable, decently paid job and those deprived access to such a job, rather than, say,

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38. See, for example, Ralf Dahrendorf’s (“Für jeden Bürger ein garantiertes Mindesteinkommen,” Die Zeit, January 17, 1986, p. 32) unambiguous statement: “The unemployed are not a class”; or André Gorst’s (Foreword to the Working Class (London: Pluto Press, 1983), part 3) description of this category as a “non-class of non-workers.”

right to a (decent) job is made an intrinsic component of it—as it needs to be in the present context.40

Instead of dwelling on this controversial, but academic, issue, let us ask whether there is an alternative; that is, whether there is any way of drastically reducing job asset-based inequalities within the framework of a decentralized economy, either capitalist or market socialist. A general and significant cut in maximum working hours (with matching cuts in gross wages), as advocated in Europe by some of the unions and parties that claim to have the interests of both employed and unemployed workers at heart, may seem to fit the bill. However, both theoretical considerations and empirical data on the history of work-sharing programs raise doubt about their ability to do much to solve the problem of mass unemployment without such a heavy loss in efficiency that even their "beneficiaries" would end up worse off.41

Instead of trying to equalize job assets, one may then (reluctantly) turn to neutralizing the effects of their unequal distribution—just as the working-class movement has turned away from the objective of socializing capital to that of raising the share of wages. In the case of job assets, however, this sort of strategy seems to contain an internal contradiction. By increasing the incomes of the jobless—unemployment benefits and welfare payments—is one not bound, by virtue of the mechanism sketched above in connection with efficiency wage theories, to increase their numbers? When trying to improve their current, disadvantaged station, the jobless would then be forced to worsen their chances of leaving it. Given that this strategy does nothing about the nonpecuniary advantages of having a job—the above-mentioned inequalities among the employed— the net result of any effort in this direction will soon become an increase in job-related inequalities in material welfare.

This quick run through three possible objectives for a movement of 42

the job poor may suggest that such a movement is doomed for lack of any coherent positive project. But what about the following, fourth possibility, which is now coming to the fore in those European countries in which an organized unemployed movement has more or less managed to get off the ground?42 The proposal is to give every permanent inhabitant, whether waged, self-employed, or jobless, a completely unconditional "universal grant" or "basic income" sufficient to cover at least fundamental needs.43 At first sight, this is no more than a slight variant of the previous strategy for attenuating the pecuniary inequalities generated by the unequal distribution of jobs. However, there are a number of crucial differences, one of which is particularly relevant in the present context. An adequate universal grant does not mean just a reduction in the cost of not having a job. It also means that everyone is now given the real possibility of creating, alone or with others, her/his own job. Why? Because the very notion of what constitutes a (paid) job is substantially altered since fundamental needs are unconditionally covered. A job no longer needs to be an activity yielding an income sufficient to cover at least these needs; creating one's own job, therefore, no longer requires an amount of capital out of proportion to what the vast majority can afford.44 Even with a substantial universal grant, however, job assets could still be very unequally distributed among the employed (including the self-employed). Nevertheless, whether under capitalism or, mutatis mutandis, under market socialism, the universal-grant strategy offers the unemployed (and "poorly employed") movement a way of attempting to systematically reduce the privilege conferred by job assets while expanding, in the previous strategy the circle of those with access to a job. Moreover, through a general increase in every individual's bargaining power on the labor market, it also means a gradual erosion of the inegalitarian impact of job assets among the employed.

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40. This is one implication of the efficiency wage theories presented above, as pointed out, for example, by J. Elster, "Is There (or Should There Be) a Right to Work?" in Democracy and the Welfare State, ed. A. Gutman (forthcoming), section 5.

41. For a well-documented, sympathetic, but sobering assessment of the chances of work-sharing politics in a broad sense, see J.H. Drèze, "Work Sharing: Some Theory and Recent European Experience," Economic Policy, vol. 3 (1986), pp. 546–619. To indicate briefly the nature of the difficulties I believe lie at the core of the working time-reduction strategy, let me ask four questions: How can you significantly reduce the working time of the low paid without either pushing them below the poverty line or pricing them out of their jobs by raising their (relative) hourly wages? How can you absorb most of the jobless in those trades in which unemployment is high without creating unmanageable bottleneck situations as well as unstable rents in many other trades? How can you become a wage worker without imposing costly controls on the working time of the self-employed? And how can you impose compensatory new hirings without inducing uncles (and possibly fatal) hiring and training costs in many firms that are currently hording labor?

42. See, for example, Hogeboom and Janssen, "Basic Income and the Claimants' Movement in the Netherlands," and P. Rosemeyer, "Basic Income and the Unemployed Movement in Western Germany" (papers delivered at the First International Conference on Basic Income, Louvain-la-Neuve, Belgium, September 1986), and P. Albers, "Un système pur redonner la dignité aux chômeurs: Filiation universelle," Parage (journal of the French Unemployed Union), vol. 31 (October–November 1986), pp. 19–21.

43. This proposal is not new, of course. What is new is the broader perspective in which it has been put (see R.J. van der Veen and P. Van Parijs, "A Capitalist Road to Communism," Theory and Society, vol. 15 (1986), followed by six comments and the authors' reply) and, above all, the intense interest and broad support it is beginning to attract throughout Europe (see P. Van Parijs, "Quel destin pour l'allocation universelle?", Futuribles (Paris), February 1987, pp. 17–31).

44. See the various arguments in favor of basic income from the viewpoint of small firms and the self-employed, well summarized in B. Nooteboom, "Basic Income: A Basis for Small Business" (paper delivered at the First International Conference on Basic Income, Louvain-la-Neuve, Belgium, September 1986).
If the argument sketched in the preceding paragraph is correct, the ideological obstacle to class struggle along the job-asset dimension is now removed. What about the practical obstacles mentioned earlier? There are good grounds for believing that something like the introduction of a universal grant—first at a modest level and without total replacement of current social transfers—is itself the key condition for the building of a strong movement in the service of the strategy described above. Such an institution would provide those wishing to set up an organization along these lines with the minimum amount of financial security and undisturbed leisure they need for this purpose. More important, it would homogenize a large number of people currently split into numerous categories with no perceived common interest (the registered unemployed, welfare claimants, low-paid workers, housewives, students, pensioners on a low pension). And it would dramatically curtail the current vulnerability of the unemployed movement to upward mobility (getting a job would no longer amount to leaving the group) and to stigmatization (no need to be ashamed of receiving what everyone receives).\(^\text{45}\) In stating that the existence of something like a universal grant is the key condition for the building of a strong movement pursuing the universal-grant strategy, I am not implying that the latter is stuck in a vicious circle. The degree of universality of the grant system that is here claimed to be a prerequisite for the building of a strong job-poor movement and—even more so—the grant levels involved can fall far short of those such a movement should aim for.

Is there any chance that this prerequisite will be met anywhere on earth in the foreseeable future? One favorable factor is the current crisis of the welfare state. On both the left and the right, there is widespread frustration and discontent with its complexity, intrusiveness, administrative cost, and frequent counterproductivity. This provides a background on which a plan for radical reform has a fighting chance. But who is going to fight, given that it cannot be the movement that the success of this fight would make possible? It is hard to believe that the basic impulse will come from mainstream parties on the right or on the left, whose interests are too closely linked to those of big business and the established trade union movement. My guess is that the only serious hope in the near future lies in the emerging Green parties' ability both to survive and to bring this demand to the forefront of their platforms. The importance these parties attach to solving the unemployment problem without counting on the resumption of rapid growth and the relative value that typical members ascribe to "leisure" (including unpaid work) as against "consumption" (of purchased goods) combine to make it likely that most of their members will find the idea of a universal grant most congenial and well worth fighting for.\(^\text{46}\)

Whether this fight will prove successful, I do not know. Nothing in the extended framework for class analysis developed in this paper enables us to say whether it will. What this framework has made possible is the identification of a new class divide that has—I conjecture—become even more important than the standard division between capitalists and workers in those capitalist societies in which the welfare state is most developed. This identification has prompted questions about the conditions under which class struggle along these lines could take shape. Tackling these questions has, in turn, led to a novel interpretation of the historical significance of the European Green movement. If this line of thinking is, even approximately, on the right track, the revolution set in motion by the Roemer/Wright approach amounts to much more than academic hairsplitting. It is of central importance for a proper understanding of the fate of Western societies.

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45. This conjecture gets some empirical support from the fact that countries—most typically the Netherlands—where support for the basic-income strategy is comparatively widespread, especially among the unemployed organizations, are also those countries in which welfare-state benefits are most universal (child benefits, basic social pensions, minimum guaranteed income, etc.). See the country-by-country survey presented at the First International Conference on Basic Income, to be published in The Economics and Politics of Basic Income, ed. A. Miller (forthcoming).

46. This is no political fiction since most European Green parties now include the proposal of a universal grant in their platforms, as has the Green-Alternative Fraktion in the European Parliament. For more details, see Van Parijs, "Quel destin?" and, L'Avenir des écologistes: Deux interprétations, La Revue Nouvelle (Brussels), vol. 83 (1986), pp. 37-48.