

# Class Counts

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## 1. Class analysis

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The empirical research in this book covers a wide range of substantive topics: from friendship patterns and class mobility to housework and class consciousness. What unites the topics is not a preoccupation with a common object of explanation, but rather a common explanatory factor: class. This is what class analysis attempts to do – explore the relationship between class and all sorts of social phenomena. This does not mean, of course, that class will be of explanatory importance for everything. Indeed, as we will discover, in some of the analyses of this book class turns out not to be a particularly powerful factor. Class analysis is based on the conviction that class is a pervasive social cause and thus it is worth exploring its ramifications for many social phenomena, but not that it is universally the most important. This implies deepening our understanding of the limits of what class can explain as well as of the processes through which class helps to determine what it does explain.

The most elaborated and systematic theoretical framework for class analysis is found in the Marxist tradition. Whatever one might think of its scientific adequacy, classical Marxism is an ambitious and elegant theoretical project in which class analysis provides a central part of the explanation of what can be termed the epochal trajectory of human history. The aphorism “class struggle is the motor of history” captures this idea. The argument of classical historical materialism was never that everything that happens in history is explainable by class analysis, although many critics of Marxism have accused Marxists of proposing such a monocausal theory. The claim is more restricted, yet still ambitious: that the overall trajectory of historical development can be explained by a properly constructed class analysis.

Many, perhaps most, contemporary Marxist scholars have pulled back from these grandiose claims of orthodox historical materialism. While

the idea that history has a comprehensible structure and that the dynamics of capitalism are fraught with contradictions that point towards a socialist future may form part of the intellectual backdrop to Marxist scholarship, most actual research brackets these arguments and, instead, focuses on the ways in which class affects various aspects of social life. Class analysis thus becomes the core of a wide-ranging agenda of research on the causes and consequences of class relations.

Marxist-inspired class analysis, of course, is not the only way of studying class. There is also Weberian-inspired class analysis, stratification-inspired class analysis, eclectic common-sense class analysis. Before embarking on the specific empirical agenda of this book, therefore, we need to clarify the basic contours of the class concept which will be used in the analyses. In particular, we need to clarify the concept of class structure, since this plays such a pivotal role in class analysis. This is the basic objective of this chapter.

The concept of "class structure" is only one element in class analysis. Other conceptual elements include *class formation* (the formation of classes into collectively organized actors), *class struggle* (the practices of actors for the realization of class interests), and *class consciousness* (the understanding of actors of their class interests). The task of class analysis is not simply to understand class structure and its effects, but to understand the interconnections among all these elements and their consequences for other aspects of social life.

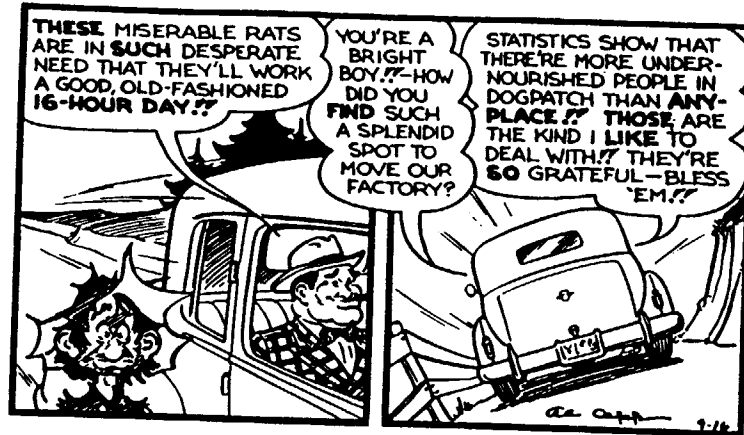
In chapter 10 we will explore a general model of the interconnections among these elements. The discussion in this chapter will be restricted to the problem of class structure. This is not because I believe that class structure is always the most important explanatory principle within class analysis. It could certainly be the case, for example, that the variation in class formations across time and place in capitalist societies may be a more important determinant of variations in state policies than variations in the class structures associated with those class formations. Rather, I initially focus on class structure because it remains *conceptually* pivotal to clarifying the overall logic of class analysis. To speak of *class formation* or *class struggle* as opposed to simply *group formation* or *struggle* implies that we have a definition of "class" and know what it means to describe a collective actor as an instance of class formation, or a conflict as a class conflict instead of some other sort of conflict. The assumption here is that the concept of class structure imparts the essential content of the adjective "class" when it is appended to "formation," "consciousness," and "struggle." Class formation is the formation

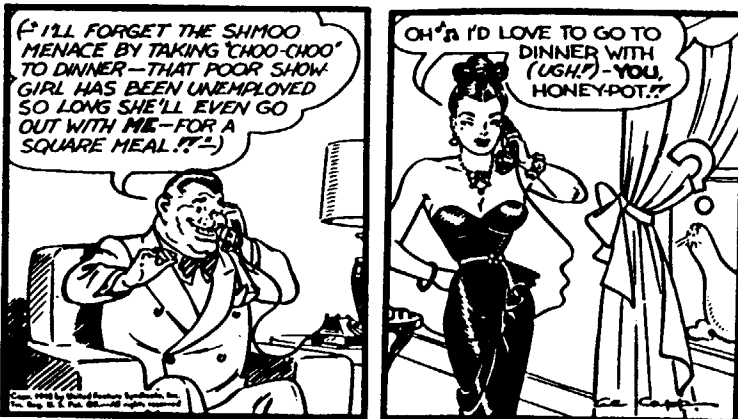
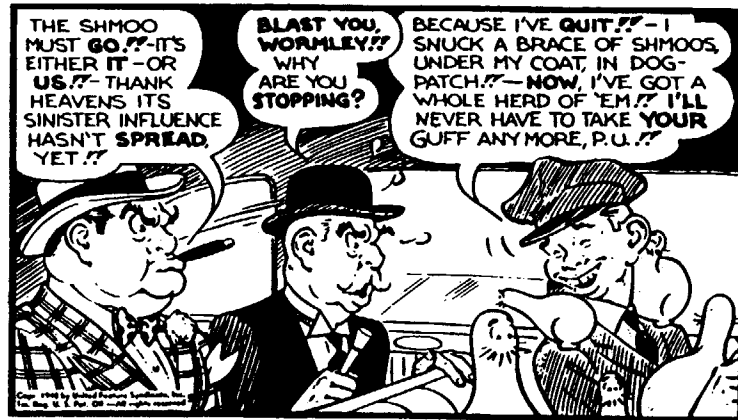
of collective actors organized around class interests within class structures; class struggle is the struggle between such collectively organized actors over class interests; class consciousness is the understanding by people within a class of their class interests. In each case one must already have a definition of class structure before the other concepts can be fully specified. Elaborating a coherent concept of class structure, therefore, is an important conceptual precondition for developing a satisfactory theory of the relationship between class structure, class formation and class struggle.

### 1.1 The parable of the shmoo

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

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





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

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

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

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

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

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

that no one gets them. They would rather have the shmoo be destroyed than everyone get one. For workers, in contrast, their first preference is that everyone gets the 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 by-product of the capitalist pursuit of profit; they are a necessary condition for that pursuit. This is what it means to claim that capitalist profits depend upon "exploitation." This does not imply that profits are solely "derived" from exploitation or that the degree of exploitation is the only determinant of the level of profits. But it does mean that exploitation is one of the necessary conditions for profits in a capitalist economy.

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

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

## 1.2 The concept of exploitation

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### 1.3 Class and exploitation

Within the Marxist tradition of class analysis, class divisions are defined primarily in terms of the linkage between property relations and exploitation. Slave masters and slaves constitute classes because a particular property relation (property rights in people) generates exploitation (the appropriation of the fruits of labor of the slave by the slave master). Homeowners and the homeless would not constitute "classes" even though they are distinguished by property rights in housing since this division does not constitute a basis for the exploitation of the homeless by homeowners.

In capitalist society, the central form of exploitation is based on property rights in the means of production. These property rights generate three basic classes: *capitalists* (exploiters), who own the means

of production and hire workers; *workers* (exploited), who do not own the means of production and sell their "labor power" (i.e. their capacity to work) to capitalists; and *petty bourgeois* (neither exploiter nor exploited), who own and use the means of production without hiring others. The Marxist account of how the capital-labor relation generates exploitation is a familiar one: propertyless workers, in order to acquire their means of livelihood, must sell their labor power to people who own the means of production. In this exchange relation, they agree to work for a specified length of time in exchange for a wage which they use to buy their means of subsistence. Because of the power relation between capitalists and workers, capitalists are able to force workers to produce more than is needed to provide them with this subsistence. As a result, workers produce a surplus which is owned by the capitalist and takes the form of profits. Profits, the amount of the social product that is left over after the costs of producing and reproducing all of the inputs (both labor power inputs and physical inputs) have been deducted, constitute an appropriation of the fruits of labor of workers.

Describing this relation as exploitative is a claim about the basis for the inherent conflict between workers and capitalists in the employment relation. It points to the crucial fact that the conflict between capitalists and workers is not simply over the *level of wages*, but over the *amount of work effort* performed for those wages. Capitalists always want workers to expend more effort than workers willingly want to do. As Bowles and Gintis (1990) have argued, "the whistle while you work" level of effort of workers is always suboptimal for capitalists, and thus capitalists have to adopt various strategies of surveillance and control to increase labor effort. While the intensity of overt conflict generated by these relations will vary over time and place, and class compromises may occur in which high levels of cooperation between labor and management take place, nevertheless, this underlying antagonism of material interests remains so long as the relationship remains exploitative.

For some theoretical and empirical purposes, this simple image of the class structure may be sufficient. For example, if the main purpose of an analysis is to explore the basic differences between the class structures of feudalism and capitalism, then an analysis of capitalist society which revolved entirely around the relationship between capitalists and workers might be adequate. However, for many of the things we want to study with class analysis, we need a more nuanced set of categories. In particular, we need concepts which allow for two kinds of analyses: first, the analysis of the variation across time and place in the class structures

of concrete capitalist societies, and, second, the analysis of the ways individual lives are affected by their location within the class structure. The first of these is needed if we are to explore macro-variations in a fine-grained way; the second is needed if we are use class effectively in micro-analyses.<sup>3</sup>

Both of these tasks involve elaborating a concept of class structure in capitalist societies that moves beyond the core polarization between capitalists and workers. More specifically, this involves introducing new forms of complexity into the class concept by addressing four general problems in class structural analysis: first, the "middle class" within the class structure; second, people not in the paid labor force in the class structure; third, capitalist assets owned by employees; and fourth, the temporal dimension of class locations.

#### 1.4 Adding complexities to the concept of class structure

##### 1 *The problem of the "middle class" among employees*

If we limit the analysis of class structure in capitalism to the ownership of and exclusion from the means of production, we end up with a class structure in which there are only three locations – the capitalist class, the working class and the petty bourgeoisie – and in which around 85–90% of the labor force in most developed capitalist countries falls into a single class. While this may in some sense reflect a profound truth about capitalism – that the large majority of the population are separated from the means of production and must sell their labor power on the labor market in order to survive – it does not provide us with an adequate conceptual framework for explaining many of the things we want class to help explain. In particular, if we want class structure to help explain class consciousness, class formation and class conflict, then we need some way of understanding the class-relevant divisions within the employee population.

In ordinary language terms, this is the problem of the "middle class" – people who do not own their own means of production, who sell their labor power on a labor market, and yet do not seem part of the "working class." The question, then, is on what basis can we differentiate class locations among people who share a common location of nonownership

<sup>3</sup> For an extended discussion of the limitations of the overly abstract polarized concept of class structure, see Wright (1989: 271–278).



within capitalist property relations? In the analyses in this book, I will divide the class of employees along two dimensions: first, their relationship to authority within production, and second, their possession of skills or expertise.

### Authority

There are two rationales for treating authority as a dimension of class relations among employees. The first concerns the role of *domination* within capitalist property relations. In order to insure the performance of adequate effort on the part of workers, capitalist production always involves an apparatus of domination involving surveillance, positive and negative sanctions and varying forms of hierarchy. Capitalists do not simply *own* the means of production and *hire* workers; they also *dominate* workers within production.

In these terms, managers and supervisors can be viewed as exercising delegated capitalist class powers in so far as they engage in the practices of domination within production. In this sense they can be considered *simultaneously* in the capitalist class and the working class: they are like capitalists in that they dominate workers; they are like workers in that they are controlled by capitalists and exploited within production. They thus occupy what I have called *contradictory locations within class relations* (see Wright 1978, 1985). The term "contradictory" is used in this expression rather than simply "dual" since the class interests embedded in managerial jobs combine the inherently antagonistic interests of capital and labor. The higher one moves in the authority hierarchy, the greater will be the weight of capitalist interests within this class location. Thus upper managers, and especially CEO's in large corporations will be very closely tied to the capitalist class, while the class character of lower level supervisor jobs will be much closer to the working class.

The second rationale for treating the authority dimension as a criterion for differentiating class locations among employees centers on the relationship between their earnings and the appropriation of surplus. The strategic position of managers within the organization of production enables them to make significant claims on a portion of the social surplus – the part of the socially produced product left over after all inputs have been paid for – in the form of relatively high earnings. In effect this means that the wages and salaries of managerial labor power are above the costs of producing and reproducing their labor power (including whatever skills they might have).

In an earlier work (Wright 1985) I argued that by virtue of this

appropriation of surplus by managers they should generally be seen as exploiters. The problem with this formulation is that managers also contribute to the surplus through their own laboring activity, and thus their surplus income may simply reflect a capacity to appropriate part of the surplus which they contribute to production. Instead of being "exploiters," therefore, many managers may simply be less exploited than other employees. Because of this ambiguity, therefore, it is better simply to see managers as occupying a *privileged* position with respect to the process of exploitation which enables them to appropriate part of the social surplus in the form of higher incomes.

The specific mechanism through which this appropriation takes place can be referred to as a "loyalty rent." It is important for the profitability of capitalist firms that managers wield their power in an effective and responsible way. The difficulty is that a high level of surveillance and threats is generally not an effective strategy of eliciting this kind of behavior, both because managerial performance is generally rather hard to monitor and because repressive controls tend to intimidate initiative rather than stimulate creative behavior. What is needed, then, is a way of generating some level of real commitment on the part of managers to the goals of the organization. This is accomplished by relatively high earnings linked to careers and promotion ladders within authority hierarchies. These higher earnings involve a redistribution of part of the social surplus to managers in order to build their loyalty to the organization. Of course, negative sanctions are still present in the background: managers are sometimes fired, they are disciplined for poor work by failing to get promotions or raises, etc. But these coercive forms of control gain their efficacy from their link to the strong inducements of earnings that, especially for higher level managers, are significantly above the costs of producing the skills of managers.<sup>4</sup> Managers thus not only occupy *contradictory locations within class relations* by virtue of

<sup>4</sup> This rent component of the earnings of managers has been recognized in "efficiency wage" theory which acknowledges that the market-clearing wage may be suboptimal from the point of view of the goals of the employer. Because of the difficulty in enforcing labor contracts, employers have to pay employees more than the wages predicted by theories of competitive equilibria in order to gain compliance. While this mechanism may generate some small "employment rents" for all employees, it is especially salient for those employees who occupy strategic jobs requiring responsible, diligent performance of duties. For the mainstream economics discussion of efficiency wages, see Akerloff and Yellen (1986). For arguments that extend efficiency wage theory to Marxist arguments about the "extraction" of labor effort from workers, see Bowles and Gintis (1990).