

DISCRIMINATION AND LABOUR MARKET SEGMENTATION UNDER CAPITALISM*

A General Marxist Approach to the Synthesis of Racial and Class Exploitation and its Implications for Praxis

By

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A. – INTRODUCTION

This paper is aimed at applying a Marxist (historical materialist) methodology to the study of the origin and development of discrimination under capitalism. The key assumption of the paper is that no group of people is inherently or innately inclined to discriminate or to be discriminated against, and, as such, the origin of discrimination cannot be located in the psychological or genetic make-up of a particular group. The basic thesis of this paper is that discrimination originates in the rationality of labor market segmentation on the basis of race (and on the basis of other factors such as sex, age, and ethnicity) for particular groups (and not necessarily the whole class) of capitalists. It will be contended that the attempt on the part of the benefiting capitalists to use economic and extra-economic measures to ensure racially segmented markets impinges upon the material (that is economic) interests of other capitalist and labor groups within the economy thereby precipitating inter and intra class conflicts among the groups. It will be argued that the contradictions and irrationalities of discrimination arise from attempts to resolve such conflicting economic interests in the political and economic spheres. Finally, it will be argued that the ideology of racism originates, and can be located, in the need for particular groups to rationalize their material interests, in so far as these interests are perceived to be enhanced by discriminatory practices.

THE PROBLEM

Viewed from a purely contemporary, after the fact, perspective, the political economy of discrimination seems too complex to be analysed as anything but irrational. This is primarily a result of the fact that the functional and dysfunctional aspects of discrimination are so intertwined that they can only be meaningfully separated through historical analyses. Unfortunately, in economics, the propensity for deductive abstraction and a-historical theorizing gravely militates against the possibility of exploring contemporary phenomena from an inductive and a historical perspective. In fact, economic historians and neo-classical economic theorists of the contemporary economy rarely cross paths, to the disadvantage of both groups.

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Thus while the functional origins of discrimination under capitalism are starkly clear from the point of view of the economic history of the United States and South Africa for instance, theorists of contemporary economic phenomena, befuddled by the complexity of the issue from a static and an a-historical perspective, still persist in viewing discrimination as an irrational aberration in capitalist economies (1). Economic theorists therefore resort to some a priori socio-psychological assumptions about the innate (i.e. «given») behaviour or ideas of some group of economic agents that are supposed to engage in discriminatory practices. Discriminatory behavior in economic life is then perceived as a consequence of innate irrational prejudices or «tastes». It is the writer's contention that enough historical data exists to demonstrate that these prejudices and «tastes» are actually a consequence of the need to rationalize economic interests and imperatives arising from the functional nature of discrimination for particular groups under capitalism (2).

The issue can therefore be stated as follows: neo-classical theories of discrimination generally see discrimination as an irrational phenomenon arising from socio-psychological behavioral traits that cannot be explained by economics; the Marxist approach, however, being grounded in a historical materialist methodology, sees discriminatory behavior as fundamentally rooted and originating in the material, that is, economic interests of dominant groups under capitalism in a manner that is rational, and that requires, as a consequence, a rationalizing or legitimizing racist ideology. In other words, the origin of the socio-psychological prejudices and «tastes» can be explained by and through economic analysis.

NEO-CLASSICAL THEORIES OF DISCRIMINATION

To date there is no aggregate and general neo-classical theory of discrimination. What we have are disaggregate theories that attempt to provide partial explanations of discriminatory behavior and its consequences. These disaggregated theories, however, have not been coherently fitted together into a single general theory that might explain the origin, role, status, and consequences of discriminatory behavior in the economy as a whole. Neo-classical theories of discrimination can be classified into two groups: those that emphasize discrimination in the demand for labor, and those that emphasize discrimination in the supply for labor (3).

Representative of the demand side of neo-classical theories of discrimination are the following: BECKER's «taste» theory of discrimination under conditions of competitive or monopolistic behavior; CAIN's and AIGNER's theory of statistical discrimination; THURLOW's monopolistic theory of discrimination; and ARROW's «risk aversion» theory of discrimination (4). In all these theories the desire to discriminate is assumed to be exogenously determined. In BECKER's and THURLOW's theories, such discrimination on the part of entrepreneurs is self-defeating since it entails a cost, unless entrepreneurs are operating under imperfect market conditions, in which case the cost of discrimination can be transferred to consumers or the groups discriminated against. In both these theories, discrimination is seen as inherently irrational and inefficient for the economy as a whole while it may benefit particular monopolistic groups.

In CAIN's, AIGNER's and ARROW's theories, discrimination arises either because race or some other such factor is conventionally used as a handy criterion for assessing and predicting the productivity and efficiency of workers, or because exogenously determined social and cultural behavioral traits differ on the basis of race or other factors. In these theories, unlike those of BECKER and THURLOW, discriminatory behavior may be «rational» to the degree that entrepreneurs can «prove» that differences in the efficiency of groups are socio-culturally determined and as such race or ethnicity may be a handy, even if a crude, screening device. It is acknowledged in these theories, however, that the socio-cultural determinants of differential productivity traits may not be autonomously determined, but may actually have been induced by past institutionalized discriminatory practices, whose origin and nature is rarely explored.

Supply side theories are generally either of the «risk aversion» and «labor force participation» variety or of the «labor competition» and «split labor» market type (5). The former theories emphasize the effect of socio-cultural factors and/or internalized perceptions and assessments of employment chances on differential auto – (or self) steering of labor supply away from or toward particular employments. To the degree that such auto-steering may be socio-culturally determined and to the degree that socio-cultural differences may coincide with racial differences, racially disproportionate occupational distributions can be seen as autonomously and rationally determined from the point of view of labor supply. Again, here, as in the demand side version of such theories, the possibility that such internalized auto-steering may actually be a consequence of institutionalized and past forms of discrimination is accepted but rarely explored under the assumption that such factors are beyond economic analysis in any case.

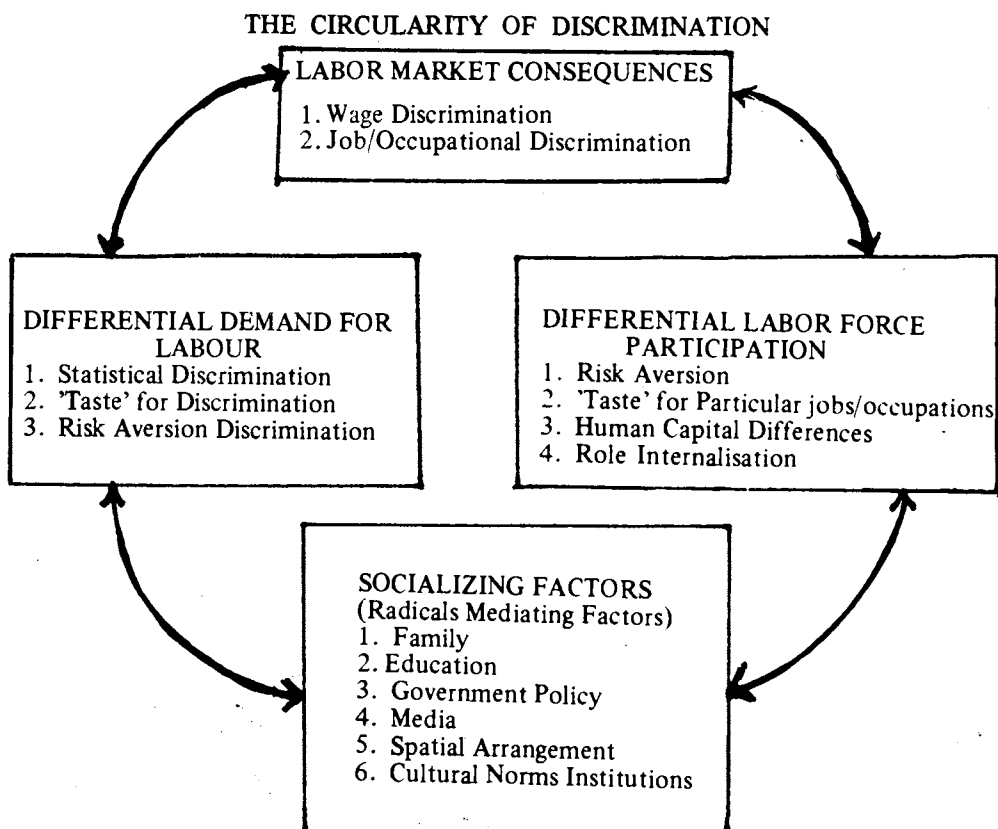
The second set of supply side theories emphasize the possibility that auto-steering as explained above implies the existence of differential acceptable minimum remuneration by different socio-cultural/racial groups, and, as such, the labor group willing to accept a lower wage will «rationally» attempt to maximize its income and employment by underbidding the labor group willing to accept a higher wage for the same job and productivity. In such a case it can be expected that the group willing to accept a higher wage for the same job and productivity will «rationally» attempt to maximize its income and employment by discriminating against the «cheaper» labor group.

Neo-classical theorists have, by their own admission, recognized the limited explanatory power of their theories in explaining the persistence of wage, and, in particular, job or occupational discrimination in the economy. The problem is that all these theories locate the origin of discrimination in the socio-cultural sphere and not in the economic sphere. Neo-classical economists to be sure, have attempted to understand the origin of economic inequalities in the socio-cultural sphere through human capital theories. These theories however, not only fail to explain why skill acquisition and the returns to them should have a consistent and persistent negative racial and sex bias, but also fail to explain whether the influences on human capital acquisition, and indeed the definition of human capital in

society, are induced by particular economic interests, or autonomous. Thus, it is no surprise then that, when education and returns are calculated on the basis of highly sophisticated mathematical and statistical neo-classical human capital theories, racial differences in returns to education persist and a significant unexplained residual in income inequalities remains.

Human capital theories have also been supplemented by theories of spatial discrimination which, also, fail to pinpoint where such discrimination originated and why it persists in the socio-cultural sphere. The problem from our point of view is that by ignoring the analysis of the historical evolution of discrimination as part of the conflict of classes and their economic interests, neo-classical theories are caught in a circular and almost tautological explanatory cycle. In order to explain discrimination in one sphere a *ceteris paribus* assumption is invoked taking as given discrimination in another sphere, leaving the source and nature of discrimination in society as a whole still unexplained. This circularity, which we contend is the consequence of the static, a-historical, and excessive deductive abstraction of neo-classical theories can be depicted as in Diagram I.

Diagram I illustrates the fact that from a static perspective discrimination in the different spheres is mutually reinforcing. Thus while the origin of discrimination may appear exogenous to a particular sphere (that is each block), discrimination itself is endogenous to the system as a whole and as such can only be properly understood historically.



DUAL LABOR MARKET THEORIES

Dual Labor Market theories were developed by liberal and radical economists ostensibly to challenge neo-classical theories of labor market analysis and wage determination. According to these theories racial income inequalities are explained by the disproportionate representation of racial categories in particular occupations and particular levels of hierarchies within occupations. These theories begin by distinguishing between the monopoly, public and competitive sectors of the industrial economy on the basis of various criteria such as the kind of technology used, level of productivity, capital /labor intensiveness, management personnel tactics, marketing tactics, market size and control, etc. The monopoly and public sectors are considered primary and the competitive sector, secondary.

The labor market is similarly divided between the primary and secondary sectors on the basis of various criteria such as level of income, education, authority and prestige; the existence of tangible or intangible hiring, promotion, and productivity criteria; the level of labor turnover rates; and the level and complexity of mental/manual skill requirements. Further, a distinction is made between internal (within occupations or job categories) and external (across occupations or job categories) labor markets. In general the less desirable jobs are secondary jobs, which are primarily, although not exclusively, associated with the competitive sector. Such jobs are characterized by low wages, high turnover, low skill/education requirements, and non-existent internal markets. Women, Youths, and minorities are disproportionately represented in the secondary labor market, which consists primarily of service, low, and semi-skilled jobs. The primary labor market consists of the more desirable jobs with high incomes, educational requirements and prestige in which white males are predominant. Primary jobs are mainly associated with the monopoly and public sectors of the economy.

Dual Labor Market Theorists see the industrial and labor market segmentations as structural and therefore rooted in the production and market relations of a capitalist economy which are a consequence of necessary social relations guaranteeing accumulation and expansion of capital. Why the distribution of labor in these segmented markets has to take on a discriminatory character is not properly or rigorously explained. Radical economists have suggested that the further segmentation of labor markets on the basis of race, sex and age is a conspiratorial act on the part of capitalists in their desire to weaken the working class, and that, as such, disproportionate representation is functional. In order to avoid the neo-classical type of theoretical circularity, radical dual labor market exponents have been able to base their arguments in historical analyses of the evolution of labor markets under capitalism. In this way, they have been able to garner some evidence in support of the historical functionality of market segmentation on the basis of race, for instance. Unfortunately, this evidence is mostly of a qualitative nature, and the definition and meaning of the conspiratorial activities still remain primarily anecdotal and theoretically unconvincing. It should be noted that the radical and liberal versions of dual

labor market theories differ in that the latter still seem entangled in the kind of circularity identified above. This is particularly so in that liberal dual labor market theories are attempts at arriving at an aggregate and structural synthesis of supply side and demand side neo-classical theories of discrimination.

The main problem with dual labor market, or, more generally, segmented labor market theories is that they begin on a taxonomic and descriptive level using arbitrary and numerous criteria for separating markets. Further, the explanation of discrimination seems persuasive mostly as an *ex-post* one but much less persuasive on an *ex-ante* level. Thus, for instance, while the manner in which labor market segmentation and racial/sexual segmentation of occupations interact is plausibly described after the fact, it is not clear from the theory whether these two forms of segmentation have the same origin; and it is not clear why and how these forms of segmentation have developed and changed in the past, or how they are likely to develop and change in the future. This latter problem needs to be clarified in a simple and uncluttered theory that incorporates both structural and historical factors. It is our belief that such a theory can be derived from Marxist approaches along the lines and considerations outlined below.

METHODOLOGICAL REQUIREMENTS FOR A MARXIST THEORY OF DISCRIMINATION

In order to transcend the deficiencies in the theories discussed above, a Marxist theory of discrimination must attempt to accomplish the following: —

- a) The need to discriminate should not originate in the superstructure (the social, psychological or cultural spheres), and discrimination should not be seen as an innate or inherent trait of the discriminator or the one discriminated against.
- b) Under capitalism, the need to discriminate on any basis should be initially located in the need to maximize surplus (or profit).
- c) Since in the Marxist theory the source of surplus is the exploitation of labor, discrimination must primarily reflect the possibility of increasing surplus through the differential exploitation of labor.
- d) The conditions under which such differential exploitation of labor is possible and actually undertaken should be identifiable.
- e) Since the labor needs of capitalists are not homogenous, the conflicting interests in labor utilization among capitalists should be specifiable and predictable.
- f) The impact of the capitalist need to differentially exploit labor on sub-groups of labor should be specifiable and predictable.
- g) The origin of an ideology (superstructure) that legitimizes or rationalizes discrimination should be located in the material interests of capitalists in their need to rationalize production relations that

enhance surplus appropriation through the differential exploitation of labor, and the material interests of some labor groups in their desire to protect their incomes and wages from encroachment by «cheaper» labor.

- h) The theory should specify the conditions under which a discriminatory ideology becomes all embracing and semi-autonomous such that it acts as a fetter on further accumulation and expansion, and how forces are generated to structurally modify the form of differential exploitation of labor.
- i) The theory should be falsifiable and empirically verifiable.

It is our belief that a theory that met the above requirements would be a historical materialist one and would be an improvement over existing theories.

B. – RESOURCE UTILIZATION STRUCTURE UNDER CAPITALISM

In order to investigate the origin, nature, and implications of discrimination under capitalism, it is essential to develop a framework for comprehending the nature of labor market segmentation under capitalism. The necessary framework, however, entails the need to understand the nature of resource utilization (or factor combinations) on both the micro and macro-economic levels in a given period of a particular capitalist social formation. The factor combinations or resource utilization structure characteristic of a particular period of a capitalist mode of production can be said to represent the concrete manifestation of the technical and social relations of the mode (8).

From a marginalist perspective, the idea of a resource utilization structure seems rather implausible given that factor combinations are continuously changing as a result of numerous factors that affect the profitability of investments. Changes in technological inventions and innovations, supply and demand of inputs and outputs, and subjective entrepreneurial perceptions of risk are generally in a constant state of flux within and across firms and industries. However, by singling out qualitative differences in the resource utilization configurations that are dominant or that are the tendency in a given period, it is possible on a general and abstract plane to talk about resource utilization structures. Such structures can be pinpointed a little further.

We will assume firstly, that individual capitalists are as a rule interested in maximizing the rate of surplus accumulation ($S/(C+V)$). While they may not have perfect knowledge, we can also assume, secondly, that they will attempt to utilize the most efficient and least expensive combinations of capital equipment and labor categories that they know of in a given planning period. Capitalist behavior implied by these two assumptions will be said to be efficient and rational at the level of the firm. Such efficiency and rationality will be understood to imply that a particular resource combination is economically feasible.

If the resource inputs utilized in a firm are disaggregated into various types of capital equipment and labor categories (as is the case in reality, and as will be shown below) an efficient and economically feasible combination of inputs implies that the various input categories within

the firm are *complementary*. Once such complementarity persists over time, it can be viewed as constituting a resource utilization *structure* of the firm. A resource utilization structure then represents a particular combination of complementary inputs that is stable over time and that facilitates the maximum accumulation of surplus.

An initial combination of inputs will tend to be stable over time depending on a number of factors such as: —

- a) The short run specificity of inputs and production processes which results in a lumpiness of investment expenditures, relatively fixed production coefficients, a stepwise production function, and, finally a high cost of scrapping existing factor combinations;
- b) The fact that major technological breakthroughs may come in periodic waves;
- c) The stability of the relative prices of resource inputs and demand implying that supply and demand factors are stable;
- d) and the stability of perceptions of risk and length of the planning horizons of entrepreneurs which may be influenced by various macroeconomic variables let alone subjective reactions to socio-political events.

Major changes in the above factors will affect the economic feasibility of existing plans and will therefore result in a revision of investment and production plans and the establishment of a new resource utilization structure that is economically feasible under the altered conditions. If this cannot be done in the long run, the firm may have to shut down; especially under competitive conditions.

The tendency toward an efficient, rational, and thus economically feasible resource utilization structure can be extended beyond the level of the firm or the individual capitalist. A similar tendency can be postulated for particular industries as a whole regardless of their market structures as long as surplus accumulation is the primary goal. In other words, firms within a given industry will tend to evolve, over time, a relatively homogeneous resource utilization structure. Thus factor combinations will tend toward an economically desirable and feasible complementarity within firms and across firms within an industry in the long run, provided the factors identified earlier (a, b, c, and d above) hold.

A revision of investment and production plans consequent upon significant changes in the constant factors will result in a substitution of inputs and production processes causing an increase in the demand of some inputs (the new ones) and a decrease in the demand of others (the old ones) whose relative supply will now increase. It should thus be clear that in order for there to be a resource utilization structure for the economy as a whole there should be a tendency toward the *complementarity* and mutual *consistency* of resource utilization structures across firms within the industries, and across industries within the economy, provided the price mechanism is allowed ample room to act as a signaling device.

It should be possible then, using a comparative static approach, to take 'snap shots' of the economy in form of structural models representing

the dominant resource utilization tendencies in the economy for particular periods. Now, since, as mentioned earlier, the resource utilization structure is the concrete manifestation of the technical and social relations of the capitalist mode of production in a particular period under given conditions (the constant factors) a historical materialist analysis of the economy can also be undertaken at a much lower level of abstraction as will be shown below. It should be noted, however, that the tendency toward a dominant, historically specific resource utilization structure is just that, a tendency.

C. — THE TECHNICAL DIVISION OF LABOR AND RESOURCE UTILIZATION STRUCTURE

In order to pinpoint the role of discrimination in resource utilization it is necessary to disaggregate resource inputs. To facilitate this, we need to distinguish between the social division of labor and the technical division of labor. We will define the former as a way of distributing labor across occupations or job tasks, and as such the social division of labor is common to all societies. We will take the technical division of labor to refer to the distribution of labor across diluted and fragmented job tasks and occupations for purposes of increasing the rate of surplus accumulation (9). Under non-capitalist conditions, the social division of labor generally entails the distribution of labor across wholistic and integrated tasks or occupations. Historically, the technical division of labor emerges to its fullest under capitalism. In fact, we can view the implementation of the technical division of labor as a means of increasing the relative exploitation of labor.

EDWARDS has identified the following ways (in order of their historical significance) in which the relative exploitation of labor can be enhanced: through the technical division of labor; through the capitalist's hierarchical or authoritarian control of the work place; through technological control by fragmenting, diluting and routinizing job tasks; and through bureaucratic control by using scientific methods of reorganizing the work place, job functions, hierarchical relationships, authority flows, etc.. (10). In practice, different combinations of these methods are implemented with different emphasis depending on the size of the capitalist establishment and the type of labor in question. MARX noted that the imperatives of competition and accumulation under capitalism would make relative exploitation through the technical division of labor of critical importance for the survival of firms. Further, he noted that the critical function of the technical division of labor is that it imposes on the majority of the workers a separation of the act of *conception* from the act of *execution* in job functions and tasks, wherein the former (conception) is increasingly lodged in the capitalists sphere of control (11).

The separation of the act of conception from the act of execution has several advantages for the capitalist interested in maximizing relative surplus: it increases the worker's dependency on capital by making him more expendable and substitutable; it cheapens labor by lowering skill requirements for the majority of workers; and it increases the productivity

of workers for any given outlay of C and V. In short, the technical division of labor, by lodging the act of conception in the capitalists sphere of control and relegating the worker to a mere execution of simplified and redundant tasks hastens the creation of abstract labor power. It should be noted, however, that this process has its accompanying disadvantages primarily in that worker alienation and job dissatisfaction increase directly with the intensity of relative exploitation. Thus the problem for the capitalist is to find ways of ameliorating the disadvantages without completely doing away with the technical division of labor (12).

In the separation of the acts of conception and execution, implying the destruction of the social division of labor (that is the destruction of integrated job tasks) we have a powerful historical materialist analytical postulate. In this postulate we have the conjuncture and articulation of the technical relations and the social relations under capitalism. With regard to the former it allows us to understand the processes of exploitation, accumulation and distribution under capitalism; and with regard to the latter it allows us to understand the concrete manner in which the class relations and their accompanying contradictions are reproduced under capitalism (13).

From the postulate of the tendency toward the separation of the acts of conception and execution, a simple and unambiguous criterion can be derived for segmenting labor markets under capitalism without having to postulate numerous criteria or differential occupational characteristics as is typical of dual labor market theories. From the point of view of the production process, that is, the possible ways in which labor can be utilized by the capitalist, we can distinguish between qualitatively different labor categories by looking at the degree to which job tasks are integrated, or as a corollary simplified. For the sake of simplicity, we can use the *mental/manual* dichotomy in job tasks and skill requirements as a measure of the complexity or simplicity of job tasks (14).

Now, under capitalism, labor and machines are used together in varying combinations and intensities within firms, across industries and over time. As noted by MARX, the economic and social power of the capitalist and capitalism as a self reproducing mode is embedded in the deployment of machines, or more generally in the relative increase of constant capital (C). Machines are both technical and social devices which not only increase productivity but also affect the worker in particular ways. The technical constitution of a machine can range from being a simple manually controlled one to a highly complex automated one. BRIGHT, in the chart on page 45 has undertaken to classify machine types according to their degree of complexity covering the entire spectrum of possible machine types.

Implicit in BRIGHT's classification, and what can be deduced from it, is the fact that the particular constitution of a machine type calls forth particular functions and skill requirements from labor. In the technical division of labor, the dominant tendency over time is for the capitalist and his intermediaries to see the human being as a control system with sensory devices, a computing (thinking) system and a motor behavioral system (with amplifying and mechanical linkages). The relative exploitation

Levels of Mechanization and Their Relationship to Power and Control Sources
(as charted by James R. Bright)

Initiating control source	Type of machine response	Power source	Level number	Level of mechanization
From a variable in the environment	Responds with action	Mechanical (nonmanual)	17	Anticipates action required and adjusts to provide it
			16	Corrects performance while operating
			15	Corrects performance after operating
			14	Identifies and selects appropriate set of actions
			13	Segregates or rejects according to measurement
	Responds with signal		12	Changes speed, position, direction according to measurement signal
			11	Records performance
			10	Signals preselected values of measurement (includes error detection)
			9	Measures characteristics of work
			8	Actuated by introduction of work piece or material
From a control mechanism that directs a predetermined pattern of action	Fixed within the machine	7	Power-tool system, remote controlled	
		6	Power-tool, program control (sequence of fixed functions)	
		5	Power-tool, fixed cycle (single function)	
From man	Variable	4	Power-tool, hand control	
		3	Powered hand tool	
		2	Hand tool	
		1	Hand	
		Manual		

Source: Harry Braverman, *Labor and Monopoly Capital: The degradation of labor in the twentieth century* (New York, Monthly Press, 1974).

of labor requires that for each machine type the minimal and appropriate set of functions and skills from the control system categories be matched with the particular characteristics and functions of the machine as BRIGHT demonstrates on the following chart.

Changing Contribution Required of Operators with Advances in Levels of Mechanization (as charted by James R. Bright).

Worker contribution* or sacrifice traditionally receiving compensation	Mechanization levels			
	1-4	5-8	9-11	12-17
	Hand control	Mechanical control	Variable control, signal response	Variable control, action response
Physical effort	Increasing decreasing	Decreasing	Decreasing-nil	Nil
Mental effort	Increasing	Increasing-decreasing	Increasing-decreasing	Decreasing-nil
Manipulative skill (dexterity)	Increasing	Decreasing	Decreasing-nil	Nil
General skill	Increasing	Increasing	Increasing-decreasing	Decreasing-nil
Education	Increasing	Increasing	Increasing or decreasing	Increasing or decreasing
Experience	Increasing	Increasing-decreasing	Increasing-decreasing	Decreasing-nil
Acceptance of undesirable job conditions	Increasing	Decreasing	Decreasing-nil	Decreasing-nil
Responsibility**	Increasing	Increasing	Increasing-decreasing	Increasing, decreasing, or nil
Decision-making	Increasing	Increasing-decreasing	Decreasing	Decreasing-nil
Influence on productivity***	Increasing	Increasing-decreasing, or nil	Decreasing-nil	Nil
Seniority	Not affected	Not affected	Not affected	Not affected

* Refers to operators and not to setup men, maintenance men, engineers, or supervisors.

** Safety of equipment, of the product, of other people.

*** Refers to opportunity for the worker to increase output through extra effort, skill, or judgment.

Source: Harry Braverman, *Labor and Monopoly Capital*: The degradation of work in the twentieth century (New York, Monthly Review Press, 1974).

Using the mental/manual dichotomy criterion, the matching of machine types and labor can be simplified to yield labor segments or categories that are qualitatively different. In general, for the majority of the workers the level of the skill requirements of a worker will be inversely related to the level of complexity of a machine type. To see this, we will, for analytical simplicity, divide BRIGHT's machine types into two major categories as opposed to the seventeen on page 45 and the four on page 46. We will define as C_1 highly complex and automated machines with levels of mechanization ranging from 9–17 in BRIGHT's classification. Such machines embody in themselves highly complex technology (that is, skills); thereby requiring a relatively small number of workers with the technical skills to conceive and manage them, and a relatively larger number of workers with disembodied skills to work with them (15). We will define as C_2 simple machines of the mechanical range 1–8 with disembodied technology (that is, with less built-in complex technology) requiring a relatively large proportion of labor with technical skills embodied in labor itself (16).

We can proceed to categorize the labor corresponding to C_1 and C_2 into qualitatively different segments by using the mental/manual criterion in classifying the requisite job tasks. To do this, we resort to the U.S. Department of Labor digital classification system as presented in the Dictionary of Occupational Titles (DOT) shown on page 48. Note that the job tasks range from those that are routinely manual (levels 6 and 7) to those that require highly complex skills (levels 0 and 1). We can simplify this classification by identifying the following labor categories or segments: —

- L1 (levels 0 and 1): Labor with highly complex technical skills primarily requiring use of mental aptitudes (e.g. the professional, technical and upper and middle level managerial workers).
- L2 (levels 2 and 3): Labor with less complex skills than those for L1 but with some mental skills and primarily manual technical skills (e.g. craftsmen and traditional skilled blue collar workers).
- L3 (levels 4 and 5): Labor with simple and fragmented mental and/or manual skills (that is semi-skilled workers).
- L4 (levels 6 and 7): Unskilled or low-skilled labor.

The matching of the above labor categories with the two machine types is best shown by assuming that C_1 and C_2 can be used as substitutes in the production of a given output and then proceeding to identify the requisite combination of labor categories for each machine type. For a given outlay on constant capital (C) the following can be hypothesized:

- a) If the outlay is spent on C_1 we would expect:
 - i) L3 to represent the majority of the workforce;
 - ii) a larger proportion of L1 than would obtain if C_2 were used;
 - iii) L2 and L4 would represent a small proportion of the workforce.

- b) If the outlay is spent on C_2 we would expect: –
- i) L_2 and L_4 to represent the majority of the workforce and one could be proportionately larger than the other;
 - ii) a smaller proportion of L_1 than would obtain under C_1 ;
 - iii) L_3 to represent a small proportion of the workforce.

JOB CLASSIFICATION

Labor Categories*	Data (4th Digit)	People (5th Digit)	Things (6th Digit)
L1	0 Synthesizing	0 Mentoring	0 Setting-up
	1 Coordinating	1 Negotiating	1 Precision working
L2	2 Analyzing	2 Instructing	2 Operating-controlling
	3 Compiling	3 Supervising	3 Driving-operating
L3	4 Computing	4 Diverting	4 Manipulating
	5 Copying	5 Persuading	5 Tending
L4	6 Comparing	6 Speaking-signaling	6 Feeding-offbearing
	7 No significant relationship	7 Serving	7 Handling
	8 No significant relationship	8 No significant relationship	8 No significant relationship

NOTE: The last three digits of the DOT (Dictionary of Occupational Titles) code number are based on the following findings of U.S. Employment Service Research:

1. Every job requires the worker to function in relation to Data, People, and Things, in varying degrees.
2. The relationship specific to Data, People, and Things can be arranged in each case from the simple to the complex in the form of a hierarchy so that, generally, each successive function can include the simpler ones and exclude the more complex functions.
3. It is possible to express a job's relationship to Data, People, and Things by identifying the highest appropriate function in each hierarchy to which the job requires the worker to have a significant relationship.
4. Together, the last three digits of the code number can express the total level of complexity at which the job requires the worker to function.

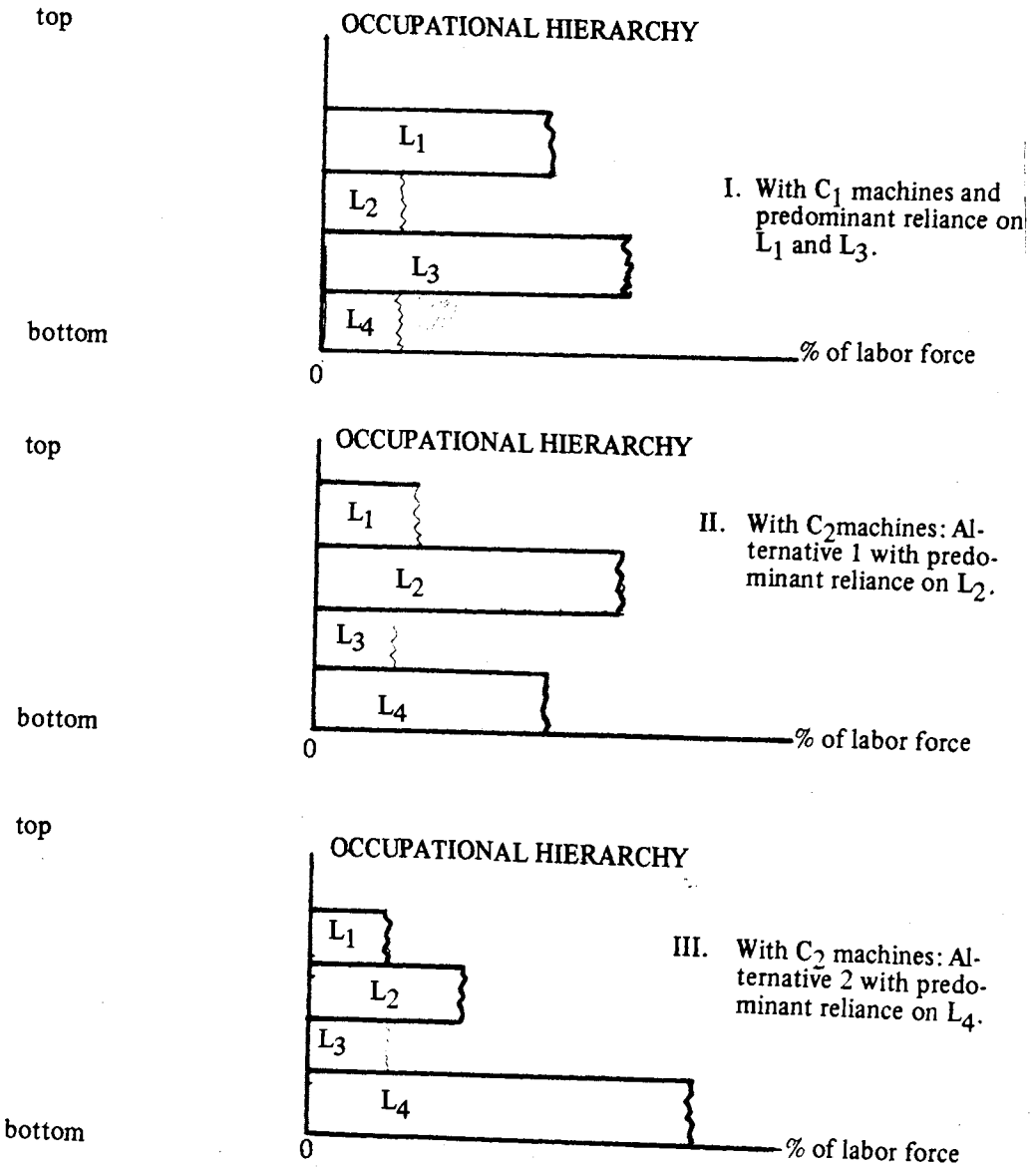
Throughout this arrangement, jobs are grouped according to some combination of required general educational development, specific vocational preparation, aptitudes, interests, temperaments, and physical demands. Each group contains (1) narrative information identifying traits and abilities required of the worker, and (2) a listing of occupations which require these factors in common.

SOURCE: Dictionary of Occupational Titles 1965 edition. U.S. Department of Labor.

* The labor categorization is the author's.

Graphically, the hypothesized workforce distribution could be shown as in the following diagrams:

HYPOTHETICAL LABOR UTILIZATION STRUCTURES



For a given firm or industry, the particular combination of machine labor categories utilized will depend on the available technological know-how in each period and whether the combination maximizes the rate of surplus accumulation ($S/C+V$) over the entrepreneurs planning period (17). In other words, the final combination has to be an economically feasible one (18). Once arrived at, the particular combination of machines and labor categories under profit maximizing conditions will constitute the resource utilization structure of the firm or industry. Thus, the resulting input combinations can be said to be complementary and mutually consistent with each other.

The stability of the resource utilization structure will depend on historically specific factors such as those enumerated on page 14, in addition to the relative power and configuration of class forces in the economy and polity. Since, in a given period, it is possible to characterize the industrial core of an economy by machine types, a unique resource utilization structure similar to one of the diagrams on page 49 can be identified for the economy as a whole. Such a structure would show the resource utilization consequences of the investment decisions of entrepreneurs in their attempt to maximize the rate of surplus accumulation. The tendency, also, would be toward a mutual consistency and complementarity in resource utilization for the economy as a whole.

The dominant resource utilization structure characteristic of a given period has at least three consequences on society. First, the dominant capitalists with an interest in the existing structure will use their economic and political power to ensure that society's formal and informal cultural and educational institutions (which impart skills to labor) are increasingly oriented to reproduce the requisite labor. Second, since the existing structure shows the differential probabilities of the chances of being employed in each labor category, the group of people dependent on the sale of labor power for their livelihood will orient itself, in terms of its career plans (that is its labor force participation) to fit into the entrepreneur's preferred segments so as to maximize the probability of employment (19). Finally, since the historically specific utilization structure distributes society's households into a socio-economic hierarchy representing unequal incomes and wealth, it also gives these households unequal access to the formal and informal ways of acquiring the requisite skills for upward mobility (20). The preceding consequences simply mean that a given economy's resource utilization structure once perceived as a surplus maximizing one by dominant capitalist interests will tend to reproduce itself.

D. — HETEROGENOUS LABOR AND THE TECHNICAL DIVISION OF LABOR: RATIONALITY OF DISCRIMINATION

MARX'S THEORY OF EXPLOITATION AND HETEROGENOUS LABOUR

MARX developed his theory of exploitation and capitalist accumulation under the simplifying assumption that the capitalist class and the working class were each homogenous. MARX identified as the basic relationship under capitalism the fact that the worker, being separated from

the means of production and the product of his labor, as capital originates through primary accumulation, is forced to sell his labor power to the capitalist in exchange for a living wage. This sale of labor power (i.e. ability to produce goods) actually represents a temporary surrender, to the capitalist, of the worker's control over his labor power and its resulting product. This incentive to employ labor lies in the fact that the capitalist, in assuming temporary control over the worker's labor power, can make the worker produce a product whose value, if realized in the commodity market, is greater than the sum of the living wage (V) paid in exchange for the labor power, and the value of the capital consumed (C) in the process of employing the labor power and producing the product. The resulting excess is the surplus (S), which is the basis for capitalist accumulation and expansion.

MARX contended that the value of V generally represented the socially necessary costs of reproducing and maintaining the working class. The value of V therefore was partly socially determined in terms of an expected remuneration for a worker to maintain an acceptable standard of living. But the value of V was also circumscribed by the fact that it could not be so high as to wipe out the surplus (and its accompanying process of expansion) or so low as to wipe out the working class. Within these constraints, MARX identified two ways in which S could be increased relative to C plus V. The most obvious and crudest way is to ensure extended hours of work and intensity of effort from labor for any given outlay of C and V in a given period. This, MARX argued, would result in an «absolute» increase in S and can thus be referred to as the absolute exploitation of labor. The second way is more sophisticated, and is achieved through increasing the technical division of labor and the capital intensity of methods of production. This latter approach, necessitating an increase in «relative» S, not only increases output, but also cheapens labor by increasing displaced surplus labor, and by cheapening the relative cost of the bundle of wage goods required to maintain the worker. The tendency toward the relative exploitation of labor (by increasing relative surplus) increasingly becomes the primary basis of accumulation and expansion in an economy constrained by resource scarcities and the exigencies of cut throat competition.

It is through the analysis of relative exploitation that MARX develops his theory of the role of the «reserve army» (consisting of the mass of hardcore unemployed, structurally displaced workers, ne'er-do-wells, and discouraged workers). The reserve army plays the role of a buffer in the inherent cyclical course of capitalism. It simultaneously provides surplus labor for surplus capital, and an automatic depressant on V in the labor market, since members of the reserve army will increasingly tend to underbid wages. The existence of the reserve army, therefore, is an inherent way in which labor's cohesiveness is broken, both as a consequence, and as a facilitator of the relative exploitation of labor (21).

INTRODUCING DISCRIMINATION

It is our contention that the initial and fundamental role discrimination plays under capitalism is akin to, indeed an extension of the role of the reserve army. In order for this to be the case, the necessary and sufficient condition for the origin of discrimination under capitalism is *the*

existence of an identifiable group of people, not as yet absorbed into capitalist social relations, as an actual or potential source of cheap and surplus labor. To avoid any circularity of argument, the relative availability of a particular identifiable group as potential cheap labor should initially be explained and located outside the capitalist social reality even if the notions of relative «cheapness» and relative «availability» are based on capitalist imperatives and considerations.

The above condition can be stated more concretely as follows: *capitalists will find it in their interest to discriminate if there exists an identifiable group of people whose standard of living, and therefore, whose socially necessary reproduction costs (V), are (or can, through force, be made to be) significantly lower than those for the workers currently employed.* Under such conditions not only will capitalists develop an ideological rationalization of the discriminatory allocation of labor, but they will also, of necessity, evolve institutionalized relations of domination and subjugation to guarantee the continued cheapness and relative availability of this kind of labor.

The machine types identified above do not in themselves inherently elicit a particular kind of labor on the basis of race, sex, ethnicity or age. It should be indicated also that we cannot meaningfully postulate the inherent suitability of a particular group on the basis of race, sex, ethnicity or age for any of the labor segments. To introduce discrimination in the allocation of labor across the labor segments identified above we need to define the meaning of heterogenous labor. We will define labor as being *heterogenous if there exist two or more groups (in a given capitalist social formation) each of which has a qualitatively different socially necessary reproduction cost.* To avoid any circularity, the initial difference in these costs (or conventional standards of living to which each group is accustomed) should be located outside of the social reality determined by capitalism. Heterogenous labor as defined above can arise as a results of the following circumstances:

- a) as a result of the uneven development of autocentric (that is independent) communities which are then interconnected or brought together under one social formation by capitalism (22).
- b) as a result of inequalities and relations of domination and subjugation produced and sustained by a precapitalist social formation, which is then absorbed into the capitalist orbit (23).
- c) as a result of dependency due to youthfulness or senility in age to the degree that such dependency is biologically and socially determined (24).

Once the above circumstances exist under capitalism, the differences in socially necessary costs (conventional standards of living) are transformed, through capitalist eyes into differences in «desired» variable costs and/or remunerations both from the supply and demand sides of the labor market.

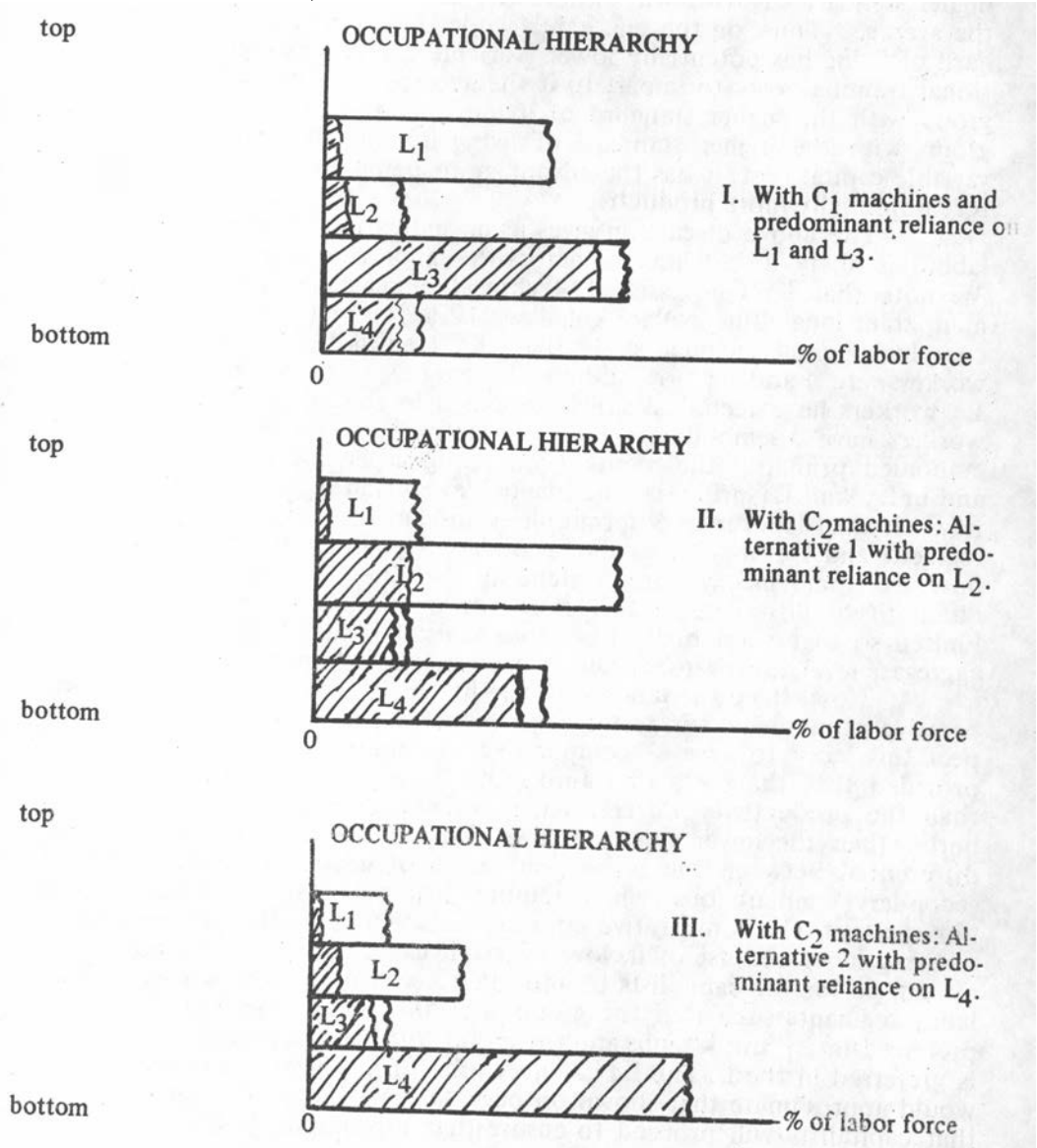
The progressive nature of capitalism as a social system implies that, in general, labor groups with a longer association with capitalism (vis-a-vis pre-capitalist modes), or labor groups in the most progressive capitalist community (vis-a-vis other capitalist communities) will have a higher conventional standard of living and, therefore, a higher, socially necessary reproduction cost in terms of variable capital expenditures (V). Under these circumstances, however, differential standards of living also imply differential levels of skill requisite for the capitalist system such that the group with the higher standard of living will of necessity have the higher requisite skills on the average. Thus, on the one hand, while the group with the lower standard of living has potentially lower variable capital costs, it requires additional training costs to impart to it the average skills characteristic of the group with the higher standard of living. On the other hand, while the group with the higher standard of living is more expensive in terms of variable capital cost, it has the advantage of being more skillful and therefore potentially more productive.

The above discussion gives us an indication of how heterogeneous labour is likely to be allocated across the labor segments L₁, L₂, L₃, L₄. We note that L₁ (professional, technical, management) and L₂ (craftsmen, traditional Blue collar skilled workers, foremen, etc.) require more complex mental/manual skills than L₃ (semiskilled operators, service workers, etc.) and L₄ (low skilled laborers etc.). In other words L₁ and L₂ workers have technical skills embodied in the labor while L₃ and L₄ workers have disembodied skills; alternatively, in L₁ and L₂ workers is embodied primarily the mental/conceiving aspect of work performance and in L₃ and L₄ primarily the manual/execution aspect of work. We can now use dual labor market terminology and label L₁ and L₂ as the primary segment and L₃ and L₄ as the secondary segment. It should be noted, however, that since we are contending that the four labor segments are qualitatively different, in the short run labor mobility between them is limited so that we actually have four markets and not two. On a more aggregate level, however, the dual characterisation should suffice.

Now, since the labor with the higher standard of living has a comparative attractiveness in terms of its higher average skill level, we can expect this labor to have a «comparative advantage» in the primary market provided that the costs of training the lower standard labor are greater than the productivity differential by which the higher standard labor is better than the lower standard labor (25). Also, since the productivity differential between the higher and lower standard labor groups in the secondary segment jobs (which require little or no skills) is likely to be non-existent, the comparative attractiveness will go to the lower-standard-of-living labor because of its lower variable capital costs. Thus, the tendency will be for the capitalists to allocate heterogeneous labor across the four labor segments such that the group with the higher standard of living is preferred in L₁ and L₂ jobs and the group with the lower standard of living is preferred in the L₃ and L₄ category jobs (26). The resulting distribution would approximate that shown on page 54. We can go further to suggest that capitalists will proceed to ensure that appropriate mediating market,

HYPOTHETICAL LABOR UTILIZATION UNDER PRIMARY DISCRIMINATION.

NOTE: The shaded area represents the hypothesised proportion of the lower-standard-of-living labor in each labor category. The assumption here is that this type of labor is a majority of the population. Where it is a minority its representation in L3 and L4 will be disproportionate to its size in the total population. Note that under secondary discrimination, discussed below, there would be a total absence of this type of labor in L1 and L2.



and extramarket institutions and mechanisms are developed to guarantee the heterogeneity of the labor force and its 'proper' allocation along the suggested lines. Finally, an appropriate ideology will also be developed to justify both the allocation and the mechanisms and institutions that sustain it (27). The preceding activities by the capitalist class will be said to constitute «*primary discrimination*». At this point, we can see the origin and basis of the seeming endless circularity depicted on page 38 and discussed earlier with regard to neo-classical theories of discrimination. Thus, both the labor force heterogeneity and the labor force segmentation along technical lines are incorporated in the self reproduction of the resource utilization structure of the economy.

E. – CONTRADICTIONS OF DISCRIMINATION: THE EVOLUTION OF SECONDARY AND COMPOSITE DISCRIMINATION

The above allocation of heterogenous labor as a result of primary discrimination should be understood to explain an initial allocation once heterogenous labor groups are brought together under the orbit of capital. Over time, however, the resulting allocation is likely to be modified by a number of factors such as : a) the effectiveness of the labor control mechanisms deployed to ensure the continued heterogeneity of the work force; b) the degree to which the rationalizing ideology of primary discrimination is internalized and considered legitimate by the lower-standard-of-living labor; c) the degree to which the actual and desired standard of living and level of skills increase for the lower-standard-of-living labor in the course of its utilization over time; and d) the responses of previous or traditional users of the lower standard labor if the cheap labor supply is not totally elastic. The last two factors lead us to the evolution of what we shall label «secondary» and «composite» forms of discrimination.

Factor (c) above is particularly important in influencing the future course of discriminatory practices and the rationality of the resource utilization structure guaranteed through primary discrimination. First, note that once brought under the orbit of capitalism, not only will the labor with the lower standard of living displace the labor with the higher standard of living in secondary jobs (L₃ and L₄ categories) because of its relative cost efficiency, but it will, also, in the course of time, aspire to the standard of living of those that it displaces. Second, as its absorption into the industrial system proceeds in numbers and over time, the lower standard of living labor will begin to acquire a higher level of skills. This increase in skill levels will have the effect of lowering its on-the-job training costs and of increasing its productivity. Hence, the cost and productivity disadvantage it has vis-a-vis the higher standard of living labor in L₃ jobs, which are initially likely to be the monopoly of the lower segments of the higher standard of living labor, will diminish. Thus the low standard of living labor will become attractive to the capitalist for L₃ jobs.

The above developments will lead to an increasing sense of insecurity among the higher standard of living labor compelling this group to undertake discriminatory measures to protect its incomes from being underbid and its employment from being undermined. This reaction will be particularly compelling during recessions or times of slow growth in the

economy. Thus another set of control mechanisms generally directed at obstructing or limiting the upward mobility of the lower-standard of living labor with respect to incomes, skill acquisition, and jobs will be fought for by the threatened labor (the higher standard of living labor) in L₃ and L₂ jobs. These control, obstructing or limiting mechanisms will be manifested in various formal and informal policies and behavioral stipulations in both the economic and socio-political spheres, and in the evolution of an ideology of discrimination designed to justify and keep the lower standard of living labor «in its place». Now, since these discriminatory practices arise as a response to primary discrimination they will be said to constitute *secondary discrimination* (28).

We now have two sources of discriminatory practices: those emanating from capitalists who place a premium on the lower standard of living labor as a substitute for the higher standard of living labor in their desire to maximize the rate of surplus; and those emanating from threatened labor segments in their attempt to protect their income and employment levels in the face of cheaper labor. These forms of discrimination, labeled primary and secondary discrimination respectively are rational from the point of view of the parochial perspectives of each respective group, but the two forms of discrimination together are contradictory in that each form undermines the interests of the other. However, their accompanying superstructural rationalizations in form of ideologies of domination will tend to overlap and to feed from a common well-spring of myths and half truths. Nevertheless, once the two forms of discrimination confront each other, espousers of primary discrimination will appear to have a more liberal ideology that will tend to justify the need to «uplift» the lower standard of living labor, whereas that of the secondary discriminators will appear reactionary and atavistic in its desire to keep the competing group in its place. Historically, however, the threatened group has been known to call the capitalist's bluff by taking a seemingly progressive stance in favor of «equal pay for equal work» for all groups! (30).

It should now be clear that given an initial resource utilization structure based on the allocation of a homogenous labor force (that is one that shares common referent points with regard to the standard of living and the socially necessary reproduction costs) across the labor segments L₁, L₂, L₃ and L₄ with either C₁ or C₂, the introduction of the lower-standard of living labor (with the lower «socially» necessary reproduction costs) is destabilizing to the structure. The cheaper labor threatens owners of labor power and producers and sellers of machines for which it is a substitute; and it strengthens owners of inputs for which it is a complement. Thus the repercussions of the destabilizing consequences of introducing cheap labor are likely to reverberate throughout the economy affecting various fractions of labor and capital in a mixed fashion. As a consequence, some interesting coalitions of fractions of capital and fractions of labor are likely to arise in favor of primary discrimination or secondary discrimination.

Initially, for instance, on the one hand higher standard of living labor will coalesce with capitalists interested in primary discrimination if this means growth of an industry resulting in more upper levels jobs for

which the higher standard of living labor thinks it is best suited. However, once the higher standard of living labor becomes relatively expensive in the face of labor scarcities or monopolistic labor behavior in upper level jobs, and the lower standard of living labor appears a threatening substitute, the initial coalition will break and secondary discrimination will emerge. On the other hand, capitalists in traditional or peripheral industries (e.g. those in agriculture) which are likely to be the source of the cheap labor may coalesce with the labor interested in secondary discrimination so as to guarantee for themselves cheap labor in the face of its absorption into core industries through primary discrimination (31). Other scenarios are possible for different stages of the readjustment consequent upon the existence of a heterogenous labor force, but the preceding should suffice to demonstrate that contradictory interests emerge within classes and between fractions of classes which are best analysed by disaggregating the classes in a capitalist social formation into subclasses or fractions.

Needless to say, the contradictory interests will be reflected in conflicts in the economic and political spheres. The antagonisms between the various groups can be so deep seated as to result in civil wars and national revolutions of one sort or another. However, the contingent nature of many of the contradictions and antagonisms between the different fractions of classes is shown by the fact that the desired resolutions to the conflicts are politically undertaken in a manner that retains the substance of the capitalist social formation. The resolutions to the conflicts will depend on the relative economic and political power of the competing coalitions. The relative political power of the groups will depend not only on their relative sizes but also on the nature of the franchise in the polity at a given historical stage.

In the early stages of industrial capitalism when the franchise is limited to the bourgeoisie and aristocracy primarily, state intervention through the use of force and the enactment of coercive laws will tend to favor primary discrimination. But the primary discrimination may in turn tilt either toward feudal or industrial interests depending on the relative power, between the two groups. However, with the widening of the franchise to include higher standard of living labor at a later historical stage, the preceding groups may be politically overwhelmed by sheer numbers such that the state may be compelled to intervene to institutionalize some aspects of secondary discrimination. It is this attempted compromise between primary and secondary discrimination that results in gross inefficiencies in resource utilization in the economy. It is at this stage that discrimination becomes «irrational» from the point of view of some or most capitalists and their ideologues.

We shall label the attempts to compromise primary and secondary discrimination through state intervention as *composite* discrimination. It should be noted that while composite discrimination poses grave contradictions in the economic sphere, at the level of ideology, its effect is generally markedly different. Since the ideologies of domination generated by the two forms of discrimination (primary and secondary) tend to overlap substantially, precepts common to both ideologies and both forms of discrimination are now seized upon and used to mold a unified ideology commensurate with the compromise implied by the composite discrimination.

It is at this stage that, on the political level, the dominant groups whose interests are reflected in composite discrimination seem homogenous and driven by a unity of purpose. But this is only so as long as the extreme, non-overlapping aspects of the interests of the primary and secondary discriminators are discreetly kept in abeyance by each group for the sake of social peace.

The practical implications of composite discrimination are initially that the state, and various public and private bodies will begin to condone or facilitate the creation of barriers and conventions designed to give lower and higher standard of living labor differential access to jobs, formal and informal training, cultural amenities, and political privileges. In particular, capitalists interested in cheap labor will be guaranteed this kind of labor but only for specific job categories such as L_4 and perhaps L_3 jobs; higher standard of living labor will be guaranteed upper level jobs such as those in L_1 and L_2 categories. But, the ability to substitute lower for higher standard of living labor will be severely restricted by law, convention, or «custom».

Composite discrimination will generally represent an unstable alliance, or a mere temporary marriage of convenience between the major conflicting groups. The crucial contradiction will be reflected in the desire of the higher standard of living labor to fight for institutionalized feather bedding in upper level jobs and artificial guarantees of higher incomes relative to the lower standard of living labor, and in the under-employment of skilled lower standard of living labor in lower category jobs for which they are over-qualified. There will thus be a tendency for costs of production to rise and for productivity to fall or to increase slowly.

Further, composite discrimination poses a technical dilemma for the capitalist confronted with it. First, the increased employment of higher-standard-of-living labor in upper level jobs requires capital intensive production methods if the rate of exploitation (S/V) of this kind of labor is to be enhanced. Second, however, the increased simultaneous employment of the cheaper low-standard-of-living labor in L_4 and L_3 type jobs requires labor intensive methods of production. Now since within relevant firms and industries the higher and lower-standard of living labor categories are likely to be complementary inputs utilizing a common capital equipment base, and since the key cost efficient labor is likely to be the lower-standard of living one there will be a tendency to use labor intensive methods. Such methods would further accentuate the redundancy and high cost nature of the higher standard of living labor.

Capitalists affected by these developments are likely to use their economic and political power to modify the nature of the composite discrimination so as to allow for a more efficient (i.e. rational) resource utilization structure. In particular, they are likely to fight for reductions in feather bedding among higher standard of living employees and controlled advancement of lower standard of living labor while retaining the structure of composite discrimination relatively unchanged. But, whatever the modifications, capitalists interested in maximizing surplus will tend to want to limit the employment of higher standard of living labor. Thus, under composite discrimination, there will be a tendency for costs of production

to increase, for the scale of operations to decrease or increase slowly, and for the employment of higher standard of living labor to decrease or increase slowly. Under composite discrimination, then, we would have a permanent tendency toward stagflation, which may be ameliorated during times of extraordinary booms in the economy.

Since composite discrimination is a consequence of the attempt to reconcile, at the state (political) level, conflicting interests emanating from the economic base, the state will find it imperative to intervene to resolve the tendency toward stagflation. The state will find itself attempting to initiate policies that facilitate both increased accumulation and expansion in the private sector and increased legitimization of the existing socio-economic order among disgruntled lower and higher standard of living labor

To facilitate accumulation, the state will increase social capital expenditures on infrastructure designed to lower costs of production and encourage expansion in industries adversely affected by composite discrimination; such expenditures could also be designed to attract new industries which could employ surplus or redundant labor. Further, the state might socialize the reproduction costs of higher standard of living labor through social consumption expenditures on education, job training, housing, and subsidization of consumer goods. Such policies would lower the variable costs of employing this type of labor in high cost industries. To facilitate legitimization and social harmony, public projects may be initiated primarily to enhance the employment of redundant and surplus higher-standard of living labor. In fact, if the state is strongly committed to composite discrimination, the public sector will expand phenomenally and become the employment model, albeit a perverted one. The misallocation and unproductive use of labor in this sector will tend to be the norm. But for the state to accomplish these tasks it has to appropriate surplus from somewhere, usually the industries engaged in or benefitting from primary discrimination. Thus, it has to facilitate composite discrimination while leaning heavily on primary discrimination.

As the evolution of primary, secondary, and composite discrimination proceeds, the lower standard of living labor will not be a passive participant. In fact the increased utilization of this kind of labor is likely to hasten its differentiation into at least three groups. First, as a consequence of various spread and trickle down effects, liberal and humanitarian policies, and their own efforts at self improvement, a minority section of the lower standard of living labor will evolve as an upper stratum. This section will be overqualified for L_4 and L_3 type jobs and will aspire to L_2 and L_1 jobs from which they are excluded. This group, depending on its political clout and its perception of chances for influencing policies, may choose to fight for an outright challenge to secondary discrimination so as to integrate itself in the primary market on an «equal pay for equal work» basis (33); or it may seek to modify composite discrimination so as to enhance its own employment and incomes within the existing basic structure (34). Second, as a consequence of industrialization, a relatively large section of the lower standard of living labor will be proletarianized within the context of the secondary labor market. This group will bear the brunt of all forms of discrimination and as such may be politically a very volatile group. Last,

there will be a section of the lower standard of living labor which may be partially absorbed into the capitalist orbit and may participate in it as temporary, part-time, or seasonal labor. Such participation may not be an autonomous option. In fact, it generally will be a consciously designed component of primary discrimination as preferred by particular fractions of capitalists who profit by it, and as preferred by secondary discriminators who may see in it a way of keeping the lower standard of living labor in its place.

At this point it should be obvious from the above that once composite discrimination has evolved, the resource utilization structure that reflects it will tend to be a distorted one from the point of view of rational resource allocation under capitalism (35). Further, the economic and political basis of the structure will be inextricably intertwined, implying that the structure will be both a consequence and a determinant of class struggles amongst the different fractions and coalitions. Thus, in the final analysis, the future of composite discrimination and its accompanying resource utilization structure will depend on the nature of the contradictions it precipitates and the manner in which class forces configure to resolve them.

By way of concluding this section, some implications of the preceding analysis for some long-standing issues in working class praxis need to be indicated. First, the question has often arisen as to whether under composite discrimination the higher-standard of living labor constitutes a labor aristocracy that engages in or benefits from the exploitation of the lower standard of living labor. For this to hold, capitalists have to be forced to adhere to resource utilization structures dictated by secondary discrimination in a manner that is distorted from their point of view — that is, the rate of exploitation (S/V) for the higher-standard-of-living labor has to be lowered as a result of an artificial increase in V due to secondary discrimination, and presumably this additional increase in V has to come from the increased exploitation of the lower standard of living labor.

Our analysis suggests that this is unlikely to hold in the long run as long as capitalists have control over reallocating resource combinations. For instance any such artificial increase in V for the higher standard of living labor will be counteracted by an increase in constant capital (C) relative to V such that S will increase so as to leave the rate of exploitation (S/V) the same or even higher. In fact it is even possible that by reallocating C relative to V for higher-standard-of-living labor the rate of exploitation (S/V) for this group could be higher than that for the lower standard of living labor. Thus at the level of production (that is, that of the firm or industry) the notion of workers «exploiting» other workers does not make much sense. However, at the level of distribution of surplus through public expenditures, the higher standard of living labor may actually participate in the appropriation and consumption of surplus disproportionately. Such appropriation and consumption would be represented by various social consumption and social unproductive expenditures necessitated by composite discrimination as discussed earlier. Thus a labor aristocracy can be sustained through public expenditures at the level of distribution and as such represents a contingent and not a necessary contradiction within the working class.

The preceding issue leads to a second problem that has historically proved intractable in working class praxis. Given the existence of heterogeneous labor under capitalism, how is a unified working class movement formed? We note that the primary and secondary discrimination precipitated by the existence of heterogeneous labor under capitalism implies that within the context of capitalism, the objective (that is, the material) interests of the higher- and lower-standard-of-living labor are contradictory. On the one hand, the higher-standard-of-living labor sees the lower labor as a threat to its income and employment. On the other hand, the lower-standard-of-living labor sees the higher labor as a barrier to increasing its own incomes and employment. Is it possible under these circumstances for the two groups of labor to arrive at common income and employment tactics in dealing with capitalists?

Thus when the higher-standard-of-living labor fights for «equal pay for equal work» and increases in minimum wages in the name of working class solidarity, the majority of the lower-standard-of-living labor is likely to be suspicious since such tactics maximize incomes for a few while undermining employment possibilities for the many. Similarly, when upper echelons of the lower-standard-of-living labor fight for advancement policies through job dilution or fragmentation or fight for affirmative action, the higher labor feels threatened. Further, when the majority of the lower-standard-of-living labor shuns unionization and shows a willingness to scab to enhance its own employment, outright antagonisms and conflicts are precipitated. How then is a working class movement to be formed on the basis of mutual interest and trust?

There is no theoretically compelling answer or guideline we can think of given the analysis in this paper (36). The answer perhaps lies in suggesting that any tactics that facilitate homogenization of the work force are likely to be 'correct' tactics regardless of their short-run adverse implications to a particular group. At this stage it should be clear that the so-called «national question» in countries where the lower-standard-of-living labor is the minority (with respect to Blacks in the U.S. for instance) and the question of «minority rights» in countries where the higher standard of living labor is a minority (with respect to Southern Africa, for instance) to the degree that progressive movements have discussed or embraced them are attempts at resolving the contradictions posed by heterogeneous labor within a context of mutual suspicion.

It should be noted that this is a problem that the advent of socialism in a given country is likely to find difficult to solve since the relative equalization and homogenization of the society and thus the working class that it implies, would have to be attained on the basis of a redistribution of incomes and jobs among the labor groups as well. Since such redistribution is likely to impinge on the interests of the higher group, the redistribution will have to depend on this group's political maturity and magnanimity in allowing itself to sacrifice some of its economic and political power and status for the sake of longrun socialist goals, particularly in countries where this group is a majority. In countries where the lower standard of-living labor is a majority, such redistribution can alternatively be undertaken by force, through the same process by which the capitalists are dispossessed.

F. – CONCLUSION

The preceding has been an attempt to outline a general Marxist (Historical materialist) approach to discrimination. It has been our contention that the nature of discrimination cannot be properly understood from a static and deductive analysis of its manifestation in contemporary economic phenomena. The problem lies in the fact that in contemporary phenomena, various facets of discrimination have become institutionalized in mediating factors, and the rationalizing ideologies of these facets have become so embedded as to make it difficult to separate what is cause or effect. In fact, since the various facets of discrimination are in the course of time incorporated as both a cause and effect in the self reproduction of capitalist social relations, a theory of discrimination that limits itself to a study of contemporary manifestations alone is likely to be partial, circular or tautological.

In this paper, we have attempted to show how a historical materialist methodology tears through this circular veneer and at the same time explains how the circularity arises. We have attempted to show that discrimination initially arises as a rational consideration in the form of primary discrimination. This discrimination arises initially as a preference for labor which has a lower socially necessary reproduction cost. Such discrimination is then institutionalized through mediating forces and is furnished with an accompanying rationalizing ideological superstructure. At this stage, primary discrimination will tend toward self reproduction partly because of the automatic steering of labor implied by mediating factors and partly as a result of the relative internalization of the ideology by the preferred groups, resulting in auto-steering.

We have argued that overtime, primary discrimination is likely to impinge upon the material interests of particular fractions of labor and capital. In attempting to protect their material interests, these groups will react to primary discrimination by engaging in secondary discrimination, which consists of developing barriers against the continued utilization of the preferred labor in higher level jobs. Similarly, attempts are made to institutionalize such discrimination against the labor preferred by primary discriminators and a legitimating ideology is also developed. Secondary discrimination, however, acts as a fetter on the rationality of primary discrimination and as such it generates conflicts among the different subclasses. The resolution to such conflicts will depend on the configuration and relative power of the struggling coalitions, but in general, some form of compromise political solution is arrived at which attempts to accommodate both primary and secondary discrimination. We have labelled such a compromise composite discrimination, which represents an unstable institutionalization of the rational and irrational aspects of the conflicting discriminations. It is this form of discrimination (composite) that becomes the historical legacy of contemporary economic phenomena.

The approach developed in this paper is original perhaps only in the manner in which we have intuitively synthesized historical experiences that are patently obvious to discriminators and the discriminated alike (but apparently not so obvious to economists). The approach is a simple one but in its simplicity it manages to make coherent the circularity shown in the diagram on page 38.

Further, it allows us to reinterpret the various partial supply side and demand side theories of discrimination as parts of our more general framework. Thus, 'taste' theories of discrimination primarily explain the behavior of entrepreneurs who have internalized superstructural ideologies rationalizing the different forms of discrimination (primary, secondary or composite); demand side and supply side risk aversion theories (statistical, labor force participation, and job research theories) simply underscore the efficacy of the institutionalized factors mediating and legitimating primary, secondary or composite discrimination; and the dual labor market (labor market segmentation) theory is developed here in a simple and uncluttered *ex ante* approach thereby making it theoretically compelling.

A further advantage of the approach suggested in this paper is that its formulation and hypothesized implications do not depend on the *a priori* postulation of a particular discriminated or discriminating group, or on the experiences of a particular country. The approach depends solely on the definition and implications of heterogeneous labor under capitalism, hence its generality. Further, in locating discrimination in objective circumstances related to technical and social relations of production, it meets historical materialist methodological precepts. And, finally, by showing the derivative nature of discriminatory ideologies from the objective (material) circumstances and by showing how they in turn become a semi-autonomous fetter or irrationality in the capitalist social formation, the approach manifests a dialectical methodology as well.

The approach presented in this paper, however, in its intuitive simplicity and its generality provides a mere analytical perspective or framework, but it does not suffice as a theoretical model. The latter can be developed from the framework by making the arguments presented here historically specific so as to facilitate the derivation of empirically verifiable hypotheses (37). It is our hope, however, that the approach is falsifiable in principle and that it succeeds in synthesizing the issues of racial and class oppression and exploitation under capitalism.

APPENDIX: Procedure for Applying the Approach to the Evolution of Racial Discrimination in South Africa and the U.S.A.

In order to understand the rationality and contradiction of the origin and evolution of racial discrimination, it is necessary first to periodize the political economy history of a capitalist social formation according to the technical and social relations dominant in each period. Second, for each period, it is necessary to disaggregate the industrial (capitalist firms) structure and resource (labor and machines) utilization structures into their microeconomic components, which can be approximated by disaggregations of capitalist and working classes into their respective fractions. Examples of such disaggregations for two periods in U.S. and South African history are given in Matrices 1, 2, 3 and 4.

Beginning in the first period and proceeding to succeeding periods, the following questions might be explored:

1. Why and how does a particular industrial (capitalist) structure and its corresponding resource (labor) utilization structure arise as a concrete manifestation of the technical and social relations of the capitalist social formation? To understand this, one would have to look at the production, cost, and demand structures for each fraction of capital and show how they facilitate or constrain surplus accumulation. That is, the material interests of capitalists have to be identified for each of the subclasses in each period.

2. What are the contradictions and/or constraints (that is the fetters on accumulation) giving rise to the need for some fractions of capital to engage in primary discrimination?

3. What are the mediating control factors, threat/submission system, and rationalizing ideologies that are developed to reinforce primary discrimination? In other words, how is primary discrimination institutionalized and what kind of superstructure supports this institutionalization?

4. Given the need for primary discrimination, what are the material interests of each subclass? Whose costs of production and surplus are lowered, or increased? Whose employment is complemented or threatened? Whose final demand is increased, or lowered?

5. Looking at each cell in the beginning period, how do the material interests of any two intersecting groups (row group and column group) in each cell contradict or complement each other?

6. What are the subgroups threatened by primary discrimination and how do they coalesce to engage in secondary discrimination? What mediating factors and superstructure are developed in support of secondary discrimination?

7. How are the conflicts between supporters of primary and secondary discrimination resolved into composite discrimination at the political (state) level?

8. How is composite discrimination institutionalized and what superstructural rationalizing synthesis emerges?

9. How does composite discrimination represent both a fetter on (an irrationality) or facilitator of surplus accumulation?

a) for the economy as a whole?

b) for particular fractions of capital?

It is our belief that if the above approach were undertaken for a comparative study of discrimination in the U.S. and South Africa, striking similarities would be unearthed with regard to the origin, evolution, rationality and contradictions of racial discrimination under capitalism.

NOTES

1. This view arises from the fact that most economists take the «taste» for discrimination as exogenously and autonomously determined. Just how this «taste» originates in the psyches of particular groups is rarely explored. Even the seemingly endogenous theorizing of supporters of 'risk-aversion' or 'statistical' theories of discrimination fails to explain why it is that certain behavioral traits are perceived, rightly or wrongly, to correlate with race, sex, age or ethnicity.
2. See for instance W.D. Jordan's *White Over Black* (Penguin Books, 1968); Eugene Genovese's *The Political Economy of Slavery* (New York, Random House, 1967); Immanuel Wallerstein «American Slavery and Capitalist World Economy from 1790 to 1860», *American Journal of Sociology*, Volume 31, 1971; Eric Williams' *Capitalism and Slavery*; Jay Mandle's *The Roots of Black Poverty* (Duke University Press, 1978); Spero and Harris' *The Black Worker*, (Columbia University Press, 1931); Guy C.Z. Mhone's *The Political Economy of a Dual Labor Market in Africa*, (New Brunswick, N.J. Associated University Presses/Fairleigh Dickinson University Press, 1982); and Frederick A. Johnstone's *Class, Race and Gold: A Study of Class Relations and Racial Discrimination in South Africa* (Routledge and Kegan Paul, 1976).
3. To the writer's knowledge no theory has so far been able to adequately and compellingly integrate the two sources of discrimination into one general approach, a task we attempt to undertake in this paper.
4. See C.S. Becker, *The Economics of Discrimination* (Chicago University Press, 1957); Dennis J. Aigner and Glen G. Cain «Statistical Theories of Discrimination in Labor Markets», *Industrial and Labor Relations Review*, Volume 30, No. 2, 1977; Lester Thurow, *Poverty and Discrimination*, (Brookings Institution, 1965); and Kenneth Arrow «Some Mathematical Models of Race Discrimination: A Survey and Critique», in Anthony Pascal editor *Racial Discrimination in Economic Life* (D.C. Heath, 1972).
5. See Edna Bonavicich, «Advanced Capitalism and Black-White Race Relations in the United States: A Split Labor Market Interpretation», *American Sociological Review*, Volume 41, February 1976; Edna Bonavicich, «A Theory of Ethnic Antagonism, The Split Labor Market», *American Sociological Review*, Volume 37, October, 1972, and David H. Swington, «A Labor Force Competition Theory of Discrimination Over Time», *American Economic Review*, Volume 67, Number 1, 1977. A Marxist version of such theories is presented by John E. Reomer, «Divide and Conquer: Microfoundations of a Marxian Theory of wage Discrimination», *Bell Journal of Economics*, Volume 10, 1979.
6. For a discussion of the limitations of human capital theories see Welch, «Human Capital Theory: Education Discrimination and Life Cycles», *American Economic Review*, Volume 63, Number 2, 1975; Bowles and Gintis «The Problem With Human Capital Theory: A Marxian Critique», *American Economic Review*, Volume 63, Number 2, 1975; Bowles and Gintis, *Schooling in Capitalist America* (Basic Books, 1977) and Ohlin Wright *Class Structure and Income Determination* (Academic Press, 1979). Welch in the above cited article has commented that «I for one, do not think we have gained much insight of discriminatory mechanisms either from theories of discrimination or from measures of wage differentials», page 71.
7. See P. Doeringer and M. Piore, *Internal Labor Markets and Manpower Analysis* (D.C. Heath, 1971); David M. Gordon, *Theories of Poverty and Underemployment* (D.C. Heath, 1973); and Richard Edwards, David Gordon, and

- Michael Reich editors *Labor Market Segmentation* (D.C. Heath, 1975).
8. The idea here is to develop a framework for identifying patterns of resource utilization typical of a particular period for the economy as a whole very much along the lines suggested by Ludwig M. Lachman with respect to capital in his *Capital and its Structure* (Sheed Andrews and McMeel Inc, Mission, Kansas, 1978).
 9. In this respect, the technical division of labor is a particular manifestation of the social division of labor, the latter being a more general and supra-historical phenomenon. But the technical division of labor is qualitatively a capitalist phenomenon since it is this mode that lives by continuous accumulation and expansion, which the technical division of labor facilitates, but which other forms of socially dividing labor (for example noncapitalist forms) may not facilitate.
 10. See Richard Edwards, *Contested Terrain: The Transformation of the Workplace in the Twentieth Century*, (Basic Books, Inc., 1979).
 11. See Marx, *Capital*, Volume I, Part IV and Volume III, Part I; and Harry Braverman, *Labor and Monopoly Capital: The Degradation of Work in the Twentieth Century*, (Monthly Review Press, 1974).
 12. This of course is the task the burgeoning fields of personnel management, human resource management, labor relations management and the Japanese management models (Theory Z) are designed to concern themselves with.
 13. As will be shown below, this conjuncture and articulation allows us to pursue the analysis of discrimination within the context of a general theory of human resource allocation that satisfies Bowles' and Gintis' requirement that such a theory «must comprise both a theory of production and of social reproduction», in «The Problem with Human Capital Theory», *American Economic Review*, Volume 63, No. 2, 1975, page 75.
 14. The assumption here is that integrated tasks require relatively complex skills, which in turn imply the use of mental powers.
 15. In Marx's terminology, such machines embody a greater qualitative amount of «dead labor».
 16. The distinction between C1 and C2 roughly refers to the degree of automation, with C1 machines being more automated and C2 machines being more mechanical. For simplicity we have ignored including simple tools in our classification. Also we have ignored the discussion of complex organisations as a form of capital infrastructure.
 17. The above classification of machine and labor types may seem relevant only to the contemporary economy. But once the classification is understood to represent relative levels of complexity, then it becomes clear that for each given period of capitalist development, it is possible to identify the machine and labor categories hypothesized. One only need refer to the now classic characterizations of capitalist production and the predictions made of such production by Adam Smith in the *Wealth of Nations* (his description of the division of labor in the pin factory) and Karl Marx in *Capital* (on the tendency for constant capital to increase). Admittedly, what may seem complex in one period, particularly an earlier one, may not be so relative to technologies deployed in a later period.
 18. Economic feasibility here refers to the profitability of a particular combination of factors given relative factor prices and commodity prices.
 19. It is the tendency toward these two consequences which if valid completely debilitates human capital theories and which shows these theories as so cir-

- cumscribed by capitalist mystification as to constitute mere apologetics for the system. That these consequences have an empirical basis has been adequately demonstrated by Bowles and Gintis in *Schooling in Capitalist America*. And, to wit, supply side labor force participation and risk aversion (auto-steering) theories are good proofs for the second consequence.
20. See Bowles and Gintis, *Schooling in Capitalist America*.
 21. For Marx's theory of exploitation see *Capital* Volume I parts III, IV, V and chapter 25, and *Grundrisse* (Vintage Books, Random House, 1975) pp. 250 – 401, and 459–471.
 22. Circumstance (a) refers to the absorption of precapitalist modes of production into the capitalist orbit as occurred under Imperialism and Colonialism, and as has occurred in the absorption of domestic peripheries within capitalist countries. But it also refers to the absorption of other capitalist economies that are at a lower level of development, for instance the integration of the labor from southern Europe and Ireland into the U.S. economy, and of Southern European labor into the Northern European economy. It should be obvious that since uneven development also implies uneven military, socio-economic, and political power, such absorption can and has taken place through force.
 23. Circumstance (b) refers to the absorption of groups subjugated prior to capitalism, for instance women, peasants, serfs, slaves etc.. under precapitalist modes of production who are now brought under the capitalist orbit. In this particular circumstance, we may seem to be following the neo-classical form of reasoning whereby we are assuming discrimination in one sphere to explain discrimination in another. We do not see this as a problem here since in this particular circumstance, the forms of subjugation envisioned are those that originate outside of capitalism and are not assumed as given from another sphere within capitalism. Further, while it is not our intention in this paper, what would need to be shown, in order for circumstance (b) to fit into our approach is that the precapitalist subjugation of the above groups has a material basis and that the subjugation implies a lower socially necessary reproduction cost for the subjugated group. However, while these conditions are easily conceived to hold for the feudalistic oppression of peasants, the issue is somewhat more controversial for the oppression of women. Our view is that the two conditions have been adequately demonstrated in the radical feminist literature dealing with the role and status of women in precapitalist social formations; see related works cited in URPE's *Reading Lists in Radical Political Economics*, (Union of Radical Political Economics, N.Y.) Volume 3 Winter, 1977 – Section VI: Women.
 24. In this particular circumstance, we have in mind dependency relations that do not originate in relations of domination and subjugation. Such dependency can be said to be true of children and the aged and implies that some of their maintenance cost is subsidized by primary workers in the family. Thus when capitalists seize upon such labor, they will tend to offer lower wages, and when such labor «offers» itself or is compelled by circumstances, as is often the case, to offer itself on the labor market it is most likely to «demand» lower wages for equivalent tasks undertaken by secondary wage earners on whom they are dependent. In the extremes, this labor's dependency is biologically determined, but often, notions of dependency are social conventions from precapitalist social formation. We are referring here to the social divi-

sion of labor on the basis of age and to social conventions about taking care of children and the aged even when these groups may be capable of independent living. Circumstance (c) should be compared and contrasted with circumstance (b) with regard to women.

25. It should be noted here that Becker and Milton Friedman have in their writings resorted to a discussion of such comparative advantages to explain how a mutually beneficial segregated distribution of labor might arise. The crucial question, however, is whether the initial skill endowments leading to the Heckscher/Ohlin type of occupational specialization are in the course of time autonomous or induced. Our contention is that if circumstances a, b, and c hold, then the *initial* allocation is based on autonomously determined and exogenous factors but once a particular allocation of labor is adopted by capitalists, it will tend to be reproduced in an induced and endogenous fashion as will be argued below, and, as such, any succeeding resource allocation or specialization cannot be perceived as autonomously or exogenously determined.
26. In other words, the productivity edge of the higher-standard-of-living labor has to be greater than the low-cost edge (on-the-job training costs included) of the lower-standard-of-living labor in primary jobs, while the reverse is true with regard to secondary jobs. Note that unlike dual labor market theorists or risk aversion and statistical discrimination theorists, we do not have to postulate any behavioral, attitudinal or ascriptive traits such as race, sex, etc.. to arrive at a dual labor market characterization.
27. For examples, see the literature cited in Note 2 above, to which should be added the book by Bowles and Gintis, the article by Michael Burawoy, «The Functions and Reproduction of Migrant Labor: Comparative Material from Southern Africa and the United States», *American Journal of Sociology*, Vol. 81, No. 5, and the burgeoning literature utilizing Marxist inspired interpretations of apartheid now being undertaken in South Africa, for instance, as represented by articles in the *South African Labor Bulletin*.
28. The point here is that secondary discrimination is not autonomous as the split labor market and labor competition theorists would have it. It is endogenous to capitalism and induced by the capitalists discriminatory practices – to eliminate one you need to eliminate the other. Both forms of discrimination originate in the existence of heterogeneous labor under capitalism thus they do not require separate theories. The confusion over these two forms of discrimination has led W.J. Wilson in *The Declining Significance of Race* (University of Chicago Press, 1978) to argue that the «Marxist approach» to discrimination only applies to the early phase of U.S. economic history while in the second phase the theory is inadequate and superceded by split labor market theories. The «Marxist approaches» Wilson is referring to are inadequate if they dichotomize the two forms of discrimination as autonomous and separate. Marxists would tend to insist that the fact that, at some points in capitalist history, secondary discrimination becomes more conspicuous and pervasive does not in itself mean that it is an autonomous force. The roots of secondary discrimination in primary discrimination during Wilson's second phase of U.S. capitalism are quite obvious from Spero's and Haris's *The Black Worker* and Woodward's *The Strange Career of Jim Crow* and from various other works on blacks and labour unions. A compelling demonstration of the roots of secondary discrimination in primary discrimination as applied to South African apartheid can be found in Johnstone's *Class Race and Gold*.

Incidentally, Marxists are probably correct in insisting that the tendency to represent secondary discrimination as an autonomous factor may also be a capitalist diversionary tactic that succeeds in directing attention away from issues related to primary discrimination and labor exploitation in general (something labor unions have increasingly recognized since World War I) and toward internecine conflicts within the working class, thereby weakening its bargaining strength.

29. See Jordan's *White Over Black* for an excellent account of this development in the American experience.
30. This was the case in Southern Africa: see Johnstones' *Class Race and Gold*, and Guy Mhone's *The Political Economy of a Dual Labor Market in Africa*. In the United States this is best represented by primary labor support for increases in minimum wages and extension of unions and union wages to non unionized industries. These tactics, like the call for «equal pay for equal work» tend to nullify the capitalists' need to engage in primary discrimination by equalizing or narrowing the «socially necessary» wage costs hitherto implied by the existence of heterogeneous labor. For an appreciation of the confusion the two forms of discrimination pose for Marxist praxis see J. and R. Simons *Class and Color in South Africa* (Penguin Books, 1969).
31. Historians of the Southern economy in the U.S. and of the Southern African economy have clearly documented these trends in the early phases of capitalist growth in these countries.
32. For an analysis of such contradictions see Mhone, «Factor Combinations and the Distribution of Product in a Dominance Subjugation System», *Journal of Southern African Affairs*, Volume I, 1976.
33. The support for affirmative action by aspiring minorities is one example.
34. The support for African advancement, the floating colorbar and Africanization in Southern Africa (South Africa, Rhodesia now Zimbabwe, and Zambia) by aspiring African middle classes represents this tendency.
35. By this, we simply mean that left to their own designs, the core capitalists in the economy will tend to prefer the total elimination of secondary and composite discrimination in favor of primary discrimination, particularly if the lower-standard-of-living labor is a majority in number (e.g. in South Africa) or a significant minority (as in the U.S.).
36. This issue has been hotly debated in socialist movements. See for instance the historical differences between the Communist Party (U.S.A.) and the Socialist Worker's Party; and those between the Pan African Congress, the African National Congress and the Communist Party (South Africa). For an account of the search for an appropriate strategy by the South African Communist Party see Simons, *Class and Color in South Africa*.
37. One possible way of proceeding is given in the Appendix. For verifiable applied models approximating our framework, or aspects of it, see Johnstone's, *Class Race and Gold*; Stanley Greenberg's comparative study of South Africa, the U.S.A. and Israel in his *Race and State in Capitalist Development* (Yale University Press, 1980); and Guy Mhone, *The Political Economy of a Dual Labor Market in Africa*, and Guy Mhone, «Factor Combinations...», *Journal of Southern African Affairs* Volume I, 1976. The present writer is currently engaged in researching the evolution of labor market segmentation and apartheid in South Africa along the lines suggested in this paper.

RESUME

Cet article a été rédigé aux fins d'appliquer une méthodologie Marxiste (celle du matérialisme historique) à l'étude de l'origine et de l'évolution de la discrimination sous un régime capitaliste. Le postulat clé de l'article est qu'aucun groupe d'individus n'est naturellement ou foncièrement enclin à exercer la discrimination ni à la subir. Ainsi, l'origine de la discrimination ne peut être localisée ni dans l'appartenance génétique ni dans le façonnement psychologique d'un groupe donné. La thèse fondamentale de cette étude est que la discrimination trouve son origine dans la rationalité de la segmentation du marché du travail sur la base de la race (et sur la base d'autres facteurs tels que le sexe, l'âge et l'ethnie) pour des groupes données (et pas nécessairement par toute une classe) appartenant à un système capitaliste. L'auteur soutient que la tentative des capitalistes au pouvoir d'utiliser des mesures économiques et extra-économiques pour s'assurer des marchés segmentés sur une base raciale se heurte aux intérêts matériels (c'est-à-dire économiques) des autres capitalistes, et des classes ouvrières ; et ceci accélère les conflits internes des groupes ainsi que les luttes entre les différents groupes. Une argumentation portera sur le fait que les contradictions et irrationalités de la discrimination découlent des tentatives de résorber ces divergences d'intérêts économiques au niveau des sphères politiques et économiques. L'argument final sera que l'idéologie du racisme trouve son origine — et peut être localisée — dans le besoin de groupes donnés de rationaliser leurs intérêts matériels, d'autant plus que ces intérêts sont perçus comme pouvant être accrus par des pratiques discriminatoires.