Twenty-five Years of Excellence in Michigan Sociology:

MORE OF THE BEST FROM THE MICHIGAN SOCIOLOGICAL REVIEW

Larry T. Reynolds
Joseph M. Verschaeve
Rachel Campbell
Lisa N. Hickman
Alice Littlefield
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Chapter 1


A THEORY OF THE SOCIAL RELATIONS OF UNEMPLOYMENT*

Paul G. Schervish
University of Wisconsin-Madison

REFLEXIVE STATEMENT

The essay, which I am proud to have included in this historical volume, was the first substantial overview of the major ideas to be contained in my 1980 Ph.D. dissertation which I completed in the Sociology Department and the Institute for Research on Poverty at the University of Wisconsin, Madison.

My work on unemployment led me to conceptualize it as a "transition status." Becoming part of the surplus labor force led eventually to new employment but usually in a lower labor market status measured by pay and work conditions. Workers who were more unionized, I discovered, became unemployed via "layoffs" with right to recall. Over the business cycle, lay-offs increased, quits declined, and fires increased. The disaggregation of unemployment into its component parts remains relevant today. For instance, the increase of becoming temporarily unemployed through quitting is viewed as a leading indicator of improved labor market conditions since workers tend to quit with a better job in hand or with a realistic job prospect. This dissertation was eventually published in my book: The Structural Determinants of Unemployment: Vulnerability and Power in Market Relations.

In 1984 I was asked by a Dean at Boston College to meet a foundation head who wanted to fund research on whether those with

* I am grateful to Aage B. Sørensen for helpful comments on an earlier draft of this paper.
financial security, and who did not desire a dramatically higher standard of living, would focus more on philanthropy. I took up this research on wealth and philanthropy for the remaining 30 years of my career.

I always viewed this new work as continuous with my longer-term interest, which was not so much about poverty and unemployment but in how these realities can be overcome by growth in wealth and its allocation to those who produce it. I remembered that Robert Lampam, the founder of the Institute on Research on Poverty, wrote a seminal book on wealth. Marx, I had determined, did not make poverty or unemployment his ultimate focus. Rather he sought to expose the conditions for increased production of wealth. As the relations of production unfettered the productive forces of production over the course of history, each mode of production produced greater wealth. Capitalism, socialism, and then communism each evinced progress. In each epoch, the forces of production would produce greater wealth because the relations of production increasingly provided workers with the incentives for greater wealth production as they accrued the value and, hence, pay for what they produced. Today the question remains how poverty, unemployment, underemployment, and so forth are best understood as indicators of problems and prospects in the mode of production of wealth.

INTRODUCTION

Voice of the Unemployed [afar off]
In this land
There shall be one cigarette to two men,
To two women one half pint of bitter ale.
-- T. S. Eliot, "Choruses from 'The Rock'"

Unemployment remains the most politically consequential and personally troublesome symptom of advanced capitalism. It is an instance of what C.W. Mills (1959) considered the coming together of personal troubles and social problems. In unemployment, biography and history, personal characteristics and social structure, intersect. This paper attempts to explore this intersection by setting out the elements of a theory of the social relations of unemployment within the U.S. political economy. The paper insists that not only the unemployed, but unemployment must be the object of research, and that unemployment must be studied in its relation to the structure of employment.

The central thesis here is that the differentiated positions of employment, determined by the differentiated means and social relations of production in advanced capitalism, mediate corresponding differential positions of unemployment as well as processes and resources of re-employment. In short, the structure of employment determines how economic crises affect the way people are unemployed.

POSITIONAL/STRUCTURAL ANALYSIS

The totality of social relations in a society results not simply from the volitional decisions and behavior of individuals in accord with their class interests. They emerge from a structure of positions derived from, and embodied in, the advanced capitalist mode of production.

A position is to be understood in a manner akin to what Adam Przeworski (1976) has called an "empty place." It is a location in the social relations of production independent of its incumbents. It embodies objective interests and capacities, and it limits or provides resources for the activity of its incumbents.

The use of the concept "position" is not altogether different from the traditional notion of role. Wright (1976), Przeworski (1976), Poulantzas (1973), and others have employed this positional analysis in their studies of class structure in advanced capitalism. Though their writings evidence serious disagreements, they concur that a positional approach is necessary for an adequate Marxist interpretation of the structural, as opposed to the instrumental or volitional, workings of advanced capitalism.
The contention of this paper is that in Marxist analysis, unemployment as well as employment must be treated as a structure of differentiated positions. The value of this approach is first, that it specifies more adequately for advanced capitalism the empty places of unemployment described more globally by Marx ([1867] 1967) in his treatment of the industrial reserve army and the relative surplus population, and by labor economics in its use of official categories of unemployment, underemployment, and subemployment. Second, this stress on the social relations of employment is valuable because it examines how the structure of employment mediates how larger forces in the political economy affect the structure of employment. Finally, it suggests how the structure of employment and unemployment extends to workers capacities for class struggle.

DIFFERENTIATED STRUCTURE OF EMPLOYMENT

The purpose of a positional analysis is to understand the structure and meaning of the social relations of production by uncovering the positions they determine (Wright and Peronne, 1977:33). It is these positions and the capacities for class struggle that mediate how economic crises cause unemployment. The proposition here is that positions of employment are segmented not only according to class lines, but within classes according to what shall be called wage and vacancy competition modes of employment (cf. Thurow, 1975; Sørensen, 1977).

Positional analysis has usually focused on the occupational structure differentiated by census industry-occupation categories (cf. Stolzenberg, 1975a, 1975b; Bielby and Kalleberg, 1975), by manual and non-manual, blue and white collar, skilled and unskilled, clerical and managerial distinctions (cf. Parkin, 1971; Giddens, 1973), or by socio-economic status (cf. Blau and Duncan, 1967; Duncan, Featherman, and Duncan, 1972; Sewell and Hauser, 1975), but the positional analysis pursued here begins instead with Wright's (1976) analytical definition of classes according to whether or not positions in the relations of production entail: (a) the sale of labor for wages; (b) ownership of the means of production; and (c) control over policy, resources, and workers within the productive unit.

Consequently, employment positions are differentiated not only by class, but also by the wage and vacancy competition processes of matching workers to jobs. The distinction of wage and vacancy competition labor markets is taken from recent literature on labor market segmentation. This literature stresses the disjunction between primary and secondary jobs (cf. Doeringer and Piore, 1971; Piore, 1970; Gordon, 1972); primary and secondary workers (cf. Piore, 1970, 1971); and monopoly, competitive, state, and irregular sectors of the economy (cf. Averitt, 1968; O'Connor, 1973; Bluestone, 1970). While this segmentation research often confuses attributes of workers, jobs, and labor market processes, its central insight is valid: that taken alone, traditional neo-classic theory is inadequate explaining the way personal characteristics of workers, characteristics of jobs, and characteristics of outcomes are related to each other.

Thurow (1975) provides a more adequate formulation of segmentation of the labor market. His distinction of wage and job competition models offers a first approximation of segmentation in the relations of employment.

Thurow calls the traditional neo-classical model of the labor market wage competition. Under wage competition, a competitive labor market is cleared in the short run by wage rates. The value of the marginal productivity of a worker for the production of a commodity equals the marginal cost or price of a worker. Labor is not necessarily homogeneous as in classical economics. Instead workers differ in their variable physical productivity and thereby embody differing marginal productivity. Human capital theory accounts for variance in wages for different workers by recourse to this notion of differential investment in labor productivity.
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As an alternative to the neo-classical, wage competition model, Thurow elaborates a job competition mechanism for clearing labor markets and matching workers to jobs. Thurow says, “in the job competition model, instead of competing against one another based on the wages that they are willing to accept, individuals compete against one another for job opportunities based on their relative costs of being trained to fill whatever job is being considered” (1975:75). The two models coexist as labor market mechanisms. The wage competition model applies to the static sector of the economy. Job competition occurs in the dynamic sector characterized by a high rate of technological progress.

Two aspects of modern capitalist production provide the basis for job and relation competition. First, job competition reflects the existence of job and labor queues. As opposed to wage competition, in job competition the “labor market is not primarily a bidding market for selling existing skills but a training market where training slots must be allocated to different workers” (Thurow, 1975:76). Skills are job-specific and not acquired exogenously through education and training. Workers are hired into the job queue on the basis of their rank on a labor queue according to their trainability rather than according to their transferable marginal productivity.

The second aspect is on-the-job training. The need for established workers to train new workers to job-specific skills and the need for workers to consent to organizational and technological innovation result in various worker advantages and benefits. These include job security, promotion ladders based on seniority, and wage rates protected from market competition.

Thurow does not claim that job competition has totally replaced wage competition. Rather some sectors continue to be validly described by the traditional model. The point is that a prominent part of the economy is not one in which workers bid for jobs and employers change their demand for workers in accord with the supply of workers and/or their marginal productivity, but one “Where supplies of trainable labor are matched with training opportunities” in accord with the number of existing job slots (Thurow, 1975:79).

While Thurow’s formulation of the job competition model goes a long way toward understanding the systematic differences of employment positions, it requires critical appraisal. The reformulation of Thurow’s job competition model proposed here is called vacancy competition (cf. Sørensen and Kalleberg, 1976). It corrects Thurow’s erroneous assumption that on-the-job training is the sole way that worker control differentiates wage and job competition positions of employment. As argued elsewhere (Schervish and Sørensen, 1977), Thurow neglects other employment relationships that enhance job rather than wage competition employment. Identifying these employment sources of worker power leads one to reject Thurow’s identification of job competition with a technologically dynamic sector and wage competition with a static sector. The static sector also may be faced with relinquishing degrees of control over the job to the employee. This is true because various characteristics of jobs and the organization of jobs, and not just simply the rate of technological progress and consequences of on-the-job training, contribute to worker control. These characteristics of jobs over and above training requirements that afford workers control even in the technologically static sector include: (1) promotion ladders established to elicit increased productivity, creativity, or initiative; (2) interdependence among jobs; (3) lack of measurability of output from a job; (4) collective organization among employees such as unions; and (5) custom and legal regulations dealing with the employment relation.

The vacancy competition model suggests that in many instances employers are unable to calculate either the marginal productivity of workers or the marginal productivity of jobs. Incumbents are shielded from competition not only from competition with other workers, but also from having to perform up to some standard of productivity associated with a job. As with job competition, the matching of a labor
queue to a queue of jobs is a key. But here workers are hired not only because of their trainability for a specific job, but also because of their future productivity vis-a-vis projected vacancies of positions.

DIFFERENTIATED STRUCTURE OF UNEMPLOYMENT

Related to the structure of positions of employment is a structure of unemployment. The position of employment in the two models of social relations of production just described determine the presence or absence of various capacities by which incumbents gain relative control or property rights over their positions.

Theoretically, the polar instance of vacancy competition relations of production grants workers capacities for attachment to positions not available to workers under wage competition. In wage competition, the linkage of the demand for positions to the supply of potential incumbents is direct and regulated by market mechanisms, e.g., the supply of workers with the desired marginal productivity and price affects the demand for positions. However, precisely because of this market relation in the labor market of employment attainment, the process by which incumbents are separated from positions is likewise dictated by market relations. Workers have little or no control over loss of their jobs. This is exemplified, of course, when the position itself is ended; and even more so when the position is not ended but the worker is simply replaced.²

In vacancy competition, the connection between worker attributes and number and types of positions is more tenuous. The creation of positions, and total number of workers hired, is a function not of the supply and human capital of workers, but of the technical and organizational characteristics of the firm. Again, it is precisely the relations of production, such as lack of task measurability, interdependence of workers, and on-the-job training, which exclude market processes of job attainment. The process by which incumbents are separated from positions is conditioned by the capacities for worker ownership of positions provided by the manner of employment.

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Thus while a worker may permanently lose a job when a position is ended, the usual process is that positions, when ended, are ended only temporarily and the worker is laid-off. That is, the incumbent retains a right to re-enter the position when and if it is opened up.

Chart 1 schematically presents the relationship between the presence or absence of market mechanisms in job attainment and the presence or absence of worker ownership of a position once it is attained. Cell 1 represents the labor market mechanism in the traditional market economy. Workers are technically “free” to accept employment. Their numbers and marginal productivity affect the demand for labor. Once employed, however, these workers confront employer domination within the relations of production. At the other extreme, Cell 4 represents labor relations within a socialist economy. Here the impact of worker decisions on the level of demand is limited by economic planning; but domination in the actual relations of production is less constraining.

<table>
<thead>
<tr>
<th>Chart 1</th>
<th>Economic Systems and Modalities of Control Over Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>WORKER CONTROL OVER THE RELATIONS OF PRODUCTION</td>
<td>WORKER CONTROL OVER THE LEVEL OF DEMAND</td>
</tr>
<tr>
<td>Whether the Supply of Incumbents Affects the Number of Positions (demand) for Workers</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Attachment of Positions to the Worker; Ownership of the Position; Constraint on Employer Domination</th>
<th>Market Mechanism</th>
<th>Established Number of Positions</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>No</td>
<td>1 Wage Competition</td>
</tr>
<tr>
<td>Yes</td>
<td>Yes</td>
<td>3 Vacancy Competition</td>
</tr>
<tr>
<td>1 Wage Competition</td>
<td>2</td>
<td></td>
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<tr>
<td>3 Vacancy Competition</td>
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All this is a prelude to developing a theoretical understanding of the systematic social relations by which positions of employment relate to positions of unemployment and structure capacities for re-employment. The next step is to describe the various possible
combinations of incumbent/position outcomes in the case of involuntary, non-disciplinary job separation.\(^3\)

To characterize positions of unemployment in this manner is not to construct a catchy typology or laundry list. Rather it derives from the notion that differentiated outcomes of employment and unemployment result from specific combinations of characteristics of workers and characteristics of positions.

Chart 2 presents a non-exhaustive representation of the various possible relations of outcomes for incumbents and outcomes for positions. A job separation results from the severing of a job incumbent from actively working in a particular employment position. Unemployment is the particular form of the separation of a worker from a job in which incumbents who are severed from one job position do not simultaneously re-enter another one but desire to do so.

### A THEORY OF LAYOFFS AND FIRINGS

In order to highlight the theoretical and empirical import of this analysis of the social relations of unemployment, this paper will focus on the polar instances of unemployment positions: the firing and the layoff. To state the major thesis: the differing positions of employment in wage and vacancy competition relations of production structure both corresponding positions of unemployment known as firings and layoffs and corresponding processes and resources for re-employment.

It is hypothesized (1) that involuntary loss of jobs under wage competition are generally (a) firings rather than layoffs and (b) that workers in positions of firing re-enter positions of employment such that the new position is more a function of human capital variables (such as education and training) than a function of their previous jobs.

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<tr>
<th>Outcome for incumbent in relation to previous job</th>
<th>Outcome for position in relation to incumbent</th>
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<tr>
<td>Evacuated</td>
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<td>Served from position</td>
<td>Served from position</td>
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<td>Vacant</td>
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<tr>
<td>Firing</td>
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<td>Demotion</td>
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<tr>
<td>Promotion</td>
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<tr>
<td>Unemployment</td>
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<td>Served from position</td>
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<td>Served from position</td>
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It is also hypothesized (2) that involuntary loss of jobs for other than disciplinary reasons under vacancy competition (a) are layoffs rather than firings and (b) that workers in positions of layoffs re-enter positions of employment such that the new position is more a function of previous employment positions than their personal characteristics.

These two hypotheses provide empirically testable specifications of the structural theory of unemployment argued here: that in the end it is the capitalist social relations of production at the place of work that limit the choices and decisions of actors. This sociology of unemployment stresses the structure of positions in the political economy rather than characteristics of individuals.

One objection to this positional approach to unemployment merits attention. It may be argued that positions of unemployment are not positions in the economy in the same sense as are positions of employment. Positions of employment are clearly slots that can be filled or vacant since the forces that generate job structures are different from (though related to) those that generate incumbents. There is one mechanism to produce jobs and another to produce incumbents, and thus the issues of matching jobs and incumbents and of discrepancy in the matching are important.

Positions in this narrow sense are nodes or empty places in the economy that structure social relations. Positions of unemployment, however, do not evidence such regular determination of social relations. Nor are they connected to the capitalist economy through a firm’s relations of production and authority. Likewise, it is not obvious that one could identify the different mechanisms that generate positions of unemployment from those that generate unemployed persons. While employment positions can be designated as empty or filled, unemployment positions are known to exist only when they are filled by an unemployed person.

Nevertheless, positions of unemployment do exist in the sense that various specific relations to positions of employment and to the process of re-employment (as well as to other social relations such as those dealing with welfare, economic survival, and mental and physical health) can be discerned. Although unknowable or uncountable outside of being filled by an incumbent, to speak of specific positions of unemployment with particular structural relations and outcomes for the political economy is justified. One justification is that such differentiation of unemployment positions parallels and specifies Marx’s ([1867] 1967) more general structural argument. He treats the industrial reserve army and the relative surplus population as a set of positions connected to the exigencies of capitalism, such as the process of wage determination, the increasing organic composition of capital, the rate of exploitation, the uneven development of capitalism, and the business cycle. However, Marx does not analytically differentiate positions within the industrial reserve army or surplus population. He only designates various descriptive categories, such as the floating, latent, and stagnant factions of the industrial reserve army. Still this indicates Marx’s concern with differentiating positions within the broad category of the industrial reserve army. It also shows that Marx treated unemployment as structurally produced and as comprised of positions that help determine the social relations by which the reserve army relates to capital.

While the position of this paper cannot rest solely upon an argument from authority, Marx’s efforts to differentiate positions of unemployment lend credence to this present endeavor. At any rate, the claim here is straightforward enough. Positions of unemployment directly joined to relations of production and authority in a productive unit differ significantly from positions of unemployment which are not so joined. The first type of positions are those created by a process of layoffs; the second type, by a process of firings.

The major lines of the structures of employment in advanced capitalism have already been outlined. The first propositions (1a and
2a) in each of the two hypotheses formulated above extend the analysis into the arena of unemployment. They suggest how a theory of employment and social relations of production imply a complementary analysis of unemployment. The claim is that relations of production in employment structure the relations of unemployment. The basis for this conjecture resides in what was described above as the worker’s degree of job control or ownership. The very same aspects of the means of production which create the job competition model of jobs, wages, and promotion grant the worker capacities for obtaining job rewards and for resisting being fired. They also provide the worker with resources for re-hiring to his/her position.

The factors that contribute to vacancy competition processes in employment likewise structure the process of job loss and job re-entry. Because of the expenditure for on-the-job training, the need to insure worker compliance to technological and organizational innovation, and the need for workers to pass on training to new workers, employers also have incentive to keep workers tied to their jobs even during unemployment. For their part, workers benefit in the short run from an unemployment pattern of layoffs rather than firings because they receive at least some enforceable guarantee of recall should the position be re-established. None of this implies, however, that this apparent mutual benefit to employer and worker truly serves the fundamental interests of workers. For despite the good will or intent of any particular capitalist, the crisis of accumulation and underconsumption create conditions that force monopoly capital especially (cf. Hodson, 1976) to layoff workers. Monopoly capital accomplishes this in a manner and to a degree that conflicts with the fundamental interest of workers to eliminate the forms of domination inherent in capitalist relations of production.

In contrast, wage competition employment offers employers substantial incentives for, but relatively few constraints on, firing workers. Profit-making capital, structured in wage competition relations of production, seeks to employ workers with the highest value of marginal product rather than filling vacancies with either stable or incalculable marginal productivity. By being fired, workers are “fired” from the relations of exploitation and authority located in the productive unit. But just as their being hired depended upon the value of their marginal productivity, so too does their being fired and re-hired. In the extreme, if workers were to adjust their price (as predicted by the neo-classical model) lower and lower in accord with the lower demand induced by economic crises, they would suffer no firings. Nevertheless, when workers are unable or unwilling to lower their price or wage demands during a crisis, or when they are able to survive with family or state welfare, firings do take place. Of course, while employed, workers have incentives to resist this playing out of wage competition; once fired they are forced to carry on the logic of bidding down wages in obtaining another job.

The second propositions (1b and 2b) of the two hypotheses suggest that just as positions of employment structure unemployment, positions of unemployment structure the process of re-employment. Even though the fired worker no longer is under the relations of authority of the firm, the relations of production continue to determine the social relations of unemployment (job loss and job re-entry). This means the traditional concept of the reserve army of the unemployed must be abandoned. In the case of wage competition, the reserve army bids down wages, disciplines labor, and insures a general non-firm-specific supply of workers with various levels of marginal productivity and human capital. In vacancy competition, the creation of a reserve army through layoffs does not bid down wages (for reasons described above). Yet it serves more efficiently as a firm-specific mechanism to guarantee a supply of workers who already have acquired the necessary job-specific skills should a business upturn occur. Thus firings under wage competition entail a severance of workers from their firm’s relations of production and relations of authority. Layoffs under vacancy competition entail the severance of the worker from the relations of authority of the job but, in an important sense, not from the relations of production. From this derives the theoretical extension of
the segmentation literature to include the prediction that re-
employment under wage competition is a function largely of a
worker’s human capital, while under vacancy competition, it is a
function of the worker’s previous position.

**SPECIFIC HYPOTHESES**

The theory of the relation of the structure of unemployment to
the structure of employment presented here is amenable to empirical
verification. To substantiate this theory, four sets of specific
hypotheses must be established. While results of empirical
measurement are not presented here, preliminary research on some of
the hypotheses indicates their plausibility.

1. Designation of Vacancy and Wage Competition

Occupational attainment in the wage competition sector is a
function of the human capital resources of workers, while in the
vacancy competition sector, it is a function of the opportunity structure
of vacant positions for hiring and promotions. Thus in wage
competition, the job history of a worker is a function of changes in
his/her personal characteristics. In the vacancy competition sector it is
a function of the opportunity structure or job ladder. It is hypothesized
that wage competition jobs are those jobs where career lines and
income attainment reflect the accumulated and transferable human
capital resources of experience and education. Vacancy competition
jobs are those where career lines reflect the attainment of a previous
position.

Capitalism is differentiated into sectors according to degree of
technological sophistication and complexity, and according to the
organization of production, control, and promotions. It is predicted that
vacancy competition positions/structures of employment will exist
where technology and organization of production grant workers
resources of interdependence, lack of measurability of tasks, and on-
the-job training. Schervish and Sorensen (1977) elaborate and test this
proposition. Its importance here is that vacancy competition positions
can be designated as those for which lack of measurability of tasks, on-
the-job-training, interdependence of workers, and unionization are
above the mean. Wage competition positions are those with values
below the mean.

2. Unemployment

Wage and vacancy labor market processes of employment
produce differing patterns of unemployment. That is, non-disciplinary,
involuntary job losses under wage competition are firings, while under
vacancy competition, the process of job loss is by layoffs. Moreover,
in vacancy competition, workers do not look for another job
immediately after losing their positions. They expect to be reinstated
when the position from which they were laid-off is re-opened. In wage
competition, however, there is no “ownership” of the position. Hence
there is a shorter period before which a worker will look for another
job.

Also, because it is easier to release workers without eliminating
positions in wage competition employment, workers in wage
competition will have more frequent stints of unemployment than
workers in vacancy competition. Finally, because workers in vacancy
competition possess a greater degree of job ownership than those in
wage competition, the probability of unemployment for a worker in
vacancy competition is a function of seniority (job tenure with a
particular employer), while in wage competition it is a function of
overall labor force experience and training which serve to measure a
worker’s human capital worth.

3. Unemployment and Real Wages

Economic downturns affect unemployment rates and real wage
rates differently for vacancy and wage competition positions. Grouped
into aggregates, these positions comprise sectors of employment. In
vacancy competition employment sectors, an economic downturn
produces layoffs at a rate exceeding the rate of change in
unemployment in the wage competition sector. Similarly, a downturn
produces decreases in real wages in the vacancy sector at a rate lower than the rate of decrease in the wage sector.

The rationale for these trends is that vacancy competition employment precludes wage adjustments; hence workers are laid-off when productive capacity is curtailed. In wage competition, wage rates and commodity prices can be adjusted downward. Consequently the wage competition sector can adjust to downturns by taking advantage of the increased supply and the lower price of labor. This means that the wage competition sector may in fact expand employment during low points in the business cycle. Szymanski (1976) cites evidence to this effect. He notes that during business downturns, increased numbers of women enter the labor market and find jobs in the lower levels of employment.

4. Re-employment

The process of job re-attainment for fired workers is largely a function of personal characteristics, while for laid-off workers it is a function of their previous positions (even when laid-off workers do not return to their previous positions). Not only are wage and vacancy competition jobs segmented, but workers themselves are segmented into wage and vacancy labor markets. This is true not only in employment careers, but when job tenure is interrupted by unemployment. This means that those employed in vacancy competition jobs will be re-employed in the vacancy sector; those employed in wage competition jobs will be re-employed in the wage sector. This can be demonstrated by showing the degree of relationship between sector of job loss and sector of re-employment, controlling for personal characteristics of the workers.

Because re-employment in wage competition is a function of human capital worth, it is expected that the wage competition unemployed, as opposed to the vacancy competition unemployed, will pursue vocational training during unemployment. This is especially true of younger workers in the wage sector for whom investment in human capital provides the expectation of returns over time.

The income maintenance experiments (cf. Kershaw and Fair, 1976) indicate that if workers are guaranteed an income while unemployed, they spend more time looking for a job and attain a better job. Thus it is predicted that in wage competition, the longer the period of looking for a job, the better the job found. In vacancy competition, the longer the period before re-employment, the less likely the worker is to return to his/her previously held position and the more likely he/she is to take a job of lower socio-economic status. This occurs because these latter workers are forced onto the labor queue again where they compete, not on the basis of their marginal productivity (because they remain in the vacancy labor market), but on the basis of their imputed trainability.

Finally, because vacancy competition positions tend to be full-time and since wage positions can make use of worker productivity in larger or smaller amounts, it is predicted that for those who lost jobs, the hours worked on the new job will be greater in vacancy than in wage competition.

IMPLICATIONS FOR THEORY AND POLICY

This research seeks to set out the elements of a theory of the social relations of unemployment. It stresses how the structure of unemployment is determined in large part by the structure of employment rather than simply by personal characteristics of workers, cyclical changes in demand, or secular trends in size and shape of the occupational structure. The central thesis is that the structure of unemployment in advanced capitalism affects how the secular and cyclical economic downturns produce unemployment. Wage competition employment affects business crises so as to produce firings as well as a manner of re-employment associated with personal characteristics of workers. Job competition employment structures the impact of economic recession such that unemployment takes the form
of layoffs and re-employment is a function of previous positions rather than of personal characteristics.

Three important theoretical implications derive from this approach. First, this analysis implies the priority of the relations of production not only for an analysis of employment, exploitation, and other social relations surrounding the unit of production, but also for other outcomes in the political economy such as unemployment. Research must involve not only sources of economic crises and their outcomes for unemployment, it must examine how the segmented structure of employment differentially structures the effects of economic downturns on unemployment.

Second, this approach suggests a concrete instance of the proposition that the seeds of resistance to, and transformation of, a particular arrangement of capitalist social relations are embedded in the social relations themselves. Here the implication is that developments in organization, technology, and authority relations of capital represent more than the successful segmentation of labor and a more efficient method for exploitation. The structural evolution of capitalism creates relations of production which also provide resources or capacities for worker control and power. Of course, these capacities alone do not ensure worker power. But resources such as interdependence, on-the-job training, and low measurability of tasks, when combined with working class consciousness and struggle, enable workers to resist arbitrary dismissal, and to transfer firings into lay-offs. The evolution of capitalism creates relations of production which result mechanically in neither worker submission nor worker benefits. Rather they result in capacities for both capitalists and workers. Which of these two classes benefits in the balance is determined by the relative success of capitalists or workers in the class struggle. In this way, the analysis avoids resorting to notions of either capitalist conspiracy or inevitable socialization of production.

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A third implication of this positional approach to unemployment concerns the unemployed who fill the positions of unemployment. The structural analysis outlined here forms a prelude to the study of individuals' work histories of employment and unemployment. Positional analysis does not deny the importance of voluntary activity of agents. Rather it emphasizes the limits upon personal activity imposed by the structure of employment. Individual workers, then, can be traced through their employment and unemployment histories within a theoretical and conceptual framework that reflects the actual structural constraints of those life-histories.

The most straightforward policy implication of the theory presented here is that remedies for unemployment reside not simply in job creation or in worker upgrading, but in the structure of employment.

Upgrading skills of workers may ease the burden of unemployment for particular fired workers. Stimulating aggregate demand may benefit laid-off workers as well as the fired. But these policies still provide little significant protection for workers in wage competition firms from being fired or from suffering losses in real earnings when other workers bid down wages. The analysis presented here suggests the need for extending job security guarantees to groups not now protected by unions, government regulation, or other resources for worker control and job security present in vacancy competition employment.

For the political reformer, the analysis suggests that increased concentration, centralization, and technologically induced specialization may in fact offer more, rather than fewer, resources for worker struggles both within the firm (over issues of job security, wages, etc.) and within the larger political arena (over issues of taxation, income supplements, and unemployment benefits). Clearly, the long-run solution to unemployment must entail mechanisms to insure a quantity and quality of employment in line with personal
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desires of workers and social need. Such a solution must insure an end to the scarcity and undesirability of jobs as well as an end to the cyclical crises of capital and the creation of a surplus population of workers. Until that day, the class struggle reflected in worker demands and policy proposals should focus on eliminating the contingencies of firings and alleviating the duration, manipulation, and hardships of layoffs.

NOTES

1. The mode of determination or causation at work here is that which Wright (1976) calls mediation. Mediation is the mode of determination in the totality of social relations by which one effect structures the way other causes have their effects. It is not simply the process of causation described by the notion of intervening variables or indirect causation. Rather, the notion of mediation denotes that the manner by which one variable causes another is itself affected by a third variable. Here the logic of mediation means that not only do the crises of capitalist development create unemployment, but that the manner by which these crises cause unemployment is itself structured by the relations of unemployment. More specifically, the differentiated structure of employment, known as wage and vacancy competition, differentially mediates the process by which the business cycle creates unemployment. In brief, the way workers are employed affects the way unemployment is produced.

2. This latter instance is similar to what economists and policy makers call frictional unemployment. Frictional unemployment results from the mismatching of persons to jobs. It measures the transitional, temporary, level of unemployment due to the constant and expected mutual adjustment of employers and workers in the labor market.

3. Non-disciplinary job separation is that caused by structural forces in the economy that produce downturns in product demand. These crucial forces include runaway price-wage inflation, drops in real wages, and over-production. Non-disciplinary, involuntary job separation is contrasted with involuntary job separation suffered by a particular worker for real or alleged job-related delinquency.

4. While not treated in this schema, some light can be shed on the meaning of underemployment and subemployment. In neither instance is the job-incumbent tie actually severed, but the match of position and incumbent is deficient in duration, pay, or quality of employment. Part-time employment occurs when the incumbent is employed in a position that does not make use of a worker’s availability or willingness to work in accord with an established duration considered full-time. Subemployment entails the attachment of a worker to a job that pays wages below a certain minimal standard, say the minimum wage or at a rate that provides income below the socially necessary labor time or below a subsistence level. Underemployment can be interpreted somewhat ambiguously as the matching of an incumbent to a job whose required level of training or skills is lower than the actual skills or trainability of the worker.

The classical statement on the growth and role of unemployment and the unemployed under capitalism is Marx’s ([1867] 1967) treatment of the surplus population and industrial reserve army. Marx argues that it is no accident that capitalism first molds a free industrial working class from precapitalistic agriculture, craft production, and petty bourgeoisie and then disemploys and pauperizes these workers. This process systematically manifests the essence of capitalist evolution through its cycles of expansion and contraction. The ongoing increase of concentration of capital results in the long-run in a reduction of employment positions as the ratio of constant to variable capital increases. Marx proposes, therefore, that the development of capitalism, manifested in accumulation, concentration, centralization, and technological innovation, is directly related to the creation of relative surplus population or industrial reserve army. Since for Marx the basis of capitalism is expansion of profit or surplus value, and since this derives at first from “growth of its variable constituent or of the part invested in labour power,” then “the demand for labour and the subsistence-fund of the labourers clearly increase in the same proportion as the capital, and then more rapidly, the more rapidly capital increases” (Marx, [1867] 1967:1:613). Through concentration

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and centralization of capital, however, accumulation "passes from the circular to the spiral form" ([1867] 1967:1:627) so that "whilst concentration thus intensifies and accelerates the effects of accumulation, it simultaneously extends and speeds composition of capital which raise its constant portion at the expense of its variable portion, thus diminishing the relative demand for labour" ([1867] 1967:1:628).

Coupled with the capitalization of agriculture and its "freeing of labour" (Marx, [1867] 1967:1:642), the relative decline in necessary laboring population for various industrial firms provides a "disposable industrial reserve army ... a mass of human material always ready for exploitation" ([1867] 1967:1:632). Such flexibility and mobility of labor, both from agriculture to industry and across industries, serves well the requirements of capital expansion. As Marx says, overpopulation, in the sense just described, supplies masses able to be thrown "suddenly on the decisive point [of new production] without injury to the scale of production in other spheres" ([1867] 1967:1:632). "Periods of average activity, production at high pressure, crisis and stagnation" depend upon, and in turn, determine "the constant transformation of a part of the labouring population into unemployed or half-employed hands" ([1867] 1967:1:632-633).

6. Not only is it possible to speak of a mechanism for generating positions of unemployment, one can speak also of mechanisms that generate unemployed persons. These unemployed workers may be conceived as distributed along the continuum of positions or locations in the economy. At one extreme, incumbents are attached to positions of employment structured by the relations of exploitation and control associated with their jobs in the unit of production. At the other extreme, incumbents are out of the job market completely with no intent or interest in filling an employment position; for example, housewives, the institutionalized, and the voluntarily retired. Between the two extremes are unemployed, underemployed, subemployed, and part-time workers. Each possess varying degrees and types of relation to employment. For instance, workers laid-off for very short, defined periods of time (sometimes even with pay) retain close ties to the relations of authority at the work place, for they are called back to work in accord with the same control exercised over theft at work. Further along the continuum are workers who have been fired and told to look for another job. These workers are severed from both the relations of exploitation and the relations of authority.

REFERENCES


