Durable Inequality

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Viviana Zelizer identifies a momentous irony in the American federal government's generally successful attempt to monopolize production of legal tender across the United States: the more government action reduced the rights of states, municipalities, and firms to issue legally circulating money, the more ordinary Americans and organizations proliferated private monies in the forms of tokens, symbolic objects, and earmarked official currency (Zelizer 1994b). Americans multiplied monies, Zelizer shows, because they were pursuing serious relational business with their monetary transactions. Symbolically and physically, for example, they segregated money destined for their children, servants, and local merchants. They were not only getting, spending, and saving but also distinguishing different categories of social relations. Disagreeing vigorously with social thinkers who suppose that the monetization of social exchanges inexorably rationalizes these exchanges and thins their contents, Zelizer demonstrates that people reshape monetary...
transactions to support meaningful, differentiated interpersonal relations.

Zelizer categorizes payments as follows:

Gifts, which are transfers of money at the current possessor’s discretion, without a prior stipulation of the recipient’s consequent obligations

Entitlements, which are payments due the recipient by contractual right, enforceable by appeal to authoritative third parties

Compensation, which is a monetary exchange for goods and services, based on prior agreement concerning the relation between price and a mix of quality and quantity

Contrary to analysts who assume that ultimately all monetary transfers amount to quid pro quo exchanges, Zelizer argues that gifts, entitlements, and compensation involve contrasting rationales, meanings, and social relations. They rely on characteristically different means of enforcement. To mark them off from each other, people invent segregated currencies and visibly different payment routines.

When people make such distinctions, they embed cultural forms in analyses—usually implicit—of social relations. We watch Mary hand Harry a ten-dollar bill. How can we know whether the monetary transfer is a tip, a bribe, a heartfelt gift, regular compensation for goods or services, fulfillment of an entitlement such as an allowance, or some other sort of payment? We can determine this only by ascertaining the relation between Mary and Harry: apartment dweller and doorman, driver and traffic cop, sister and brother, mother and son, householder and handyman, and so on through a wide variety of possible pairs (Zelizer 1998). To make the discrimination accurately, we require information not only about the categorical connections between Mary and Harry but also about the previous history of their relations (or lack of them) as well as their ties to third parties. The distinction between a tip and a bribe, for example, rests largely on the recipient’s obligations to the organization for which he or she works; if Harry’s boss has a right to punish the performance for which Mary pays Harry, a tip has become a bribe.
Differentiated interpersonal relations: at the current possessor's disposal of the recipient's consequent use the recipient by contractual authoritative third parties exchange for goods and services concerning the relation between utility ultimately all monetary transfers Zelizer argues that gifts, entitlements, and compensation are the primary categories of payments, all three types also vary internally. Gifts, for example, differ in quality as functions of the relative equality between parties to the transaction and the intimacy of the relationship. Even when their gifts are monetary, intimate equals offer each other gifts very differently than distant unequals do. Note the unmistakable contrasts among proper forms for tips, tributes, bribes, allowances, and anniversary presents—all gifts of a sort, but quite distinct in form, meaning, and implied social relation. Where the relation is unclear, contested, or liable to misinterpretation, Zelizer points out, parties commonly adopt dramatic earmarking devices such as wrapping gift money with the same care one might lavish on a personalized object or making sure that banknotes offered as prizes are new, crisp, and uniform.

Larger differences separate gifts, entitlements, and compensation. Although discretion and enforcement may seem incompatible, gift transfers generally rely on the enforcement of obligations that spring from shared commitment to some joint enterprise. Two elements—unspecified future rewards from that enterprise, and immediate satisfaction of solidarity and gratitude—combine to provide incentives for giving. Failure to offer expected gifts therefore signals weakened commitment to the enterprise, an especially damaging sign when the relationship has been intimate and relatively equal. Failure to give when expected also threatens unequal relationships: an inferior's reluctance to offer appropriate gifts signals rebellion, while a superior's neglect signals that the subordinate has declined in favor.

Entitlements stand out from gifts and compensation in relying less on the payer's discretion and the recipient's current performance. Like gifts and compensation, however, entitlements have distinctly different qualities depending on the relevant contract's breadth and equality; a veteran's pension, for example, contrasts sharply with a divorced spouse's payments for child support. Here conceptions of justice and appeals to third-party enforcement figure much more importantly than in the case of gifts. Recipients of entitlements typically use whatever leverage they enjoy with third parties to limit evasion and discretion on the part of payers. Judges, priests, parents, and senior family members all sometimes intervene to enforce entitlements.
Compensation might seem more impervious to variation as a function of social relations, regulated as it often is by bargaining and narrow as market relations can be. Even compensation, however, varies significantly in form depending on the social relations involved. Within the same corporation, compare the compensation packages received by the CEO and the night security guard; they differ in content—daily perquisites, long-term benefits, ownership rights, periodicity of payment, and more—as much as they differ in amount. Or note the enormous difference in form between a one-time settlement with a street vendor and the elaborate monetary exchanges for goods and services inside a family.

Indeed, major legal, domestic, and political struggles formed in the United States over the very question of whether payments from husbands to wives constituted entitlements, gifts, or compensation (Zelizer 1994a). Each position had significantly different implications for the quality of relations between spouses: did the money a woman received from her male companion constitute her rightful share of collective resources, a discretionary gift from a man to a woman, or payment to the woman for her domestic and sexual services? Similarly, donors and recipients of charitable payments have struggled incessantly over the form and status of their monetary transfers: in cash or in earmarked credit, with or without the monitoring of expenditures, and so on. They have implicitly contested whether charitable transfers qualified as entitlements (e.g., family allowances), compensation (e.g., rewards for efforts at self-improvement), or gifts (e.g., the benefaction of a compassionate patron). Precisely because the forms of monetary transfers marked them as gifts, entitlements, or compensation, such transfers characterized the relationships between parties to the transactions. Participants who disagreed over the character of their relationships therefore also fought over the forms.

Similar distinctions and disputes appear in the very heart of market life, within capitalist firms themselves. Forms of payment for work differ systematically as a function of relations among workers as well as between workers and their bosses. Payment in stock options, bonuses, elegant surroundings, wide-ranging perquisites, and ample retirement packages signals a different relation to the bosses and the firm than does straight hourly payment in a weekly check.
impervious to variation as a function of time, however, varies significantly with the social relations involved. Within the firm, compensation packages received by the employees vary in content—daily perquisites, periodicity of payment, and amount. Note the enormous difference in content between the compensation packages received by the employees and the political struggles formed in the distribution of whether payments from husbands, gifts, or compensation (Zelizer 1989) has different implications for the wife and the husband. Who received the money in a woman's right share of collective remuneration? Similarly, donors and recipients have struggled incessantly over the transfers: in cash or in earmarked gifts, and so on. They have harritable transfers qualified as entitlements (e.g., rewards for effort), compensation (e.g., the benefaction of a corporate sponsor), or compensation, such transfers between parties to the transactions. The character of their relationships therefore appear in the very heart of market relations. Forms of payment for work differential among workers as well as payment in stock options, bonuses, perquisites, and ample retirement to the bosses and the firm than does a paycheck.

Although employees certainly strive to increase their total revenues from the firm that employs them, a surprising share of competition and collective struggle concerns not quantities but forms of payment, hence qualities of social relations within the workplace. The centuries-old arrangement whereby coal-hewers received pay according to amount of coal delivered rather than time or effort expended signaled their position as quasi-independent contractors within their mines; miners' long resistance to standardized time payment revealed their awareness of the change in social relations the new arrangement implied.

Zelizer's analysis nicely illustrates differences between essence and bond accounts of social behavior. Although economists have for a century promoted a picture of monetary payments as solitary acts temporarily connecting individual buyers to impersonal markets, Zelizer shows us that payments are rooted in rich social matrices, their forms and significance varying greatly with the social relations at hand, their modalities (and not just their amounts) objects of heartfelt struggle among the parties. Even when it comes to pecuniary exchanges, we live in a relational world.

Many other human activities that first appear to be quite individual later turn out to have a strong relational component. Consider essence and bond accounts of feeding. This book began by discussing stature and differential nutrition by category. One can, of course, construct essentialist accounts of the matter, focusing on the experiences of individual metabolizing organisms. The superb work of Fogel and associates certainly depends on clear understanding of how individual bodies acquire, accumulate, and expend energy. Yet feeding, the crucial social process, is doubly relational: diets and manners of feeding vary systematically from one social category to the next, marking the boundaries between them. They also depend on relations among members of distinct categories.

Marjorie DeVault's analysis of how American women feed other people in their households, including the men, brings out that relational aspect of nutrition dramatically. DeVault reminds us that, despite rising female employment outside the home, feeding families remains overwhelmingly women's work. In the United States, most women with families—even women who dislike cooking—make serious efforts to do
the work competently. In the process they are negotiating definitions of their relations to husbands, children, and other household members. The women that DeVault interviewed described the problem as striking a balance between preference and propriety, being sure that family members got food they enjoyed while receiving nourishment suitable for their positions.

Suitability included not only nutritional adequacy but also symbolic value—what the meal said about the relation between donor and recipient. One woman DeVault interviewed had an executive husband who usually ate lunch at work. She worried about what to feed him on the rare occasions when he worked at home, fearing that to share her own usual meal would be demeaning to her husband. When DeVault (indicated here as MD) asked the woman what she might give him, she replied:

MD: All right. Yesterday, we thought our girls were coming out the night before and I had bought some artichokes for them, so I cooked them anyway. So I scooped out the center and made a tuna salad and put it in the center, on lettuce, tomatoes around. And then, I had made zucchini bread . . . So that was our lunch. If I had to do it every day I would find it difficult.

MD: When you made a distinction between the kind of lunch you would have and what you’d fix for him, what’s involved in that? Is it because of what he likes, or what?

I just feel he should have a really decent meal. He would not like—well, I do terrible things and I know it’s fattening. Like I’ll sit down with yogurt and drop granola into it and it’s great. Well, I can’t give him that for lunch.

MD: Why not?

He doesn’t, he wouldn’t like it, wouldn’t appreciate it. Or peanut butter and jelly, for instance, it’s not enough of a lunch to give him. (DeVault 1991, 147–148)

Whatever else a “really decent meal” meant to this woman and her husband, she clearly wanted her food preparation to signify that she understood her proper relationship to him. Commensalism relates people, but it also depends on strongly structured relations among them. Those
relations are often categorical: parent/child, wife/husband, servant/master, boarder/landlord, and so on.

BUILDING BLOCKS

Categorical inequality represents a special case of categorical relations in general. It is a particular but spectacularly potent combination within a small set of network configurations that have reappeared millions of times at different scales, in different settings, throughout human history. Although network analysts have studied some of these configurations repeatedly (see Wasserman and Faust 1994, 17-20), no one has codified our knowledge of how they connect and operate. Provisional nominees for the basic set include the chain, the hierarchy, the triad, the organization, and the categorical pair:

A chain consists of two or more similar and connected ties between social sites (persons, groups, identities, networks, or something else).

A hierarchy is a sort of chain in which the connections are asymmetrical and the sites systematically unequal.

A triad consists of three sites having ties to each other that are similar in content, although not necessarily similar in valence.

An organization is a well-bounded set of ties in which at least one site has the right to establish ties across the boundary that can then bind sites connected by internal ties.

A categorical pair consists of a socially significant boundary and at least one tie between sites on either side of it.

(We might actually reduce the basic set to three, since a hierarchy is simply a special type of chain and, as we shall see, an organization is an overgrown categorical pair. For our purposes, however, it helps to distinguish all five.) Figure 1 schematizes the five elementary forms.

I regard these network configurations as social inventions, perhaps developed incrementally by trial and error, no doubt reinvented independently many times, but, when recognized, more or less deliberately
installed as a means of coordinating social life. I may be wrong—an alternative line of thought, well represented by Fredrik Barth, regards all existing social structures not as fundamental elements of social life but as variable by-products of generative principles (Barth 1981, 1-118; see also Bunge 1996, 248-253). For Barth, the social structures we identify as kin groups, community networks, and the like resemble
instantaneous distributions of vehicles on a stretch of superhighway: coherent, exhibiting recurrent regularities, but not entities in themselves since their structure derives entirely from the actions and interactions of individual drivers. If Barth’s view is correct, my elementary forms could be recurrently emergent outcomes of more elementary social relations. Triads, for example, could emerge simply because stable pairs tend to recruit third parties jointly. Hierarchies could, in principle, simply generalize patterns of asymmetrical interaction. If methodological individualists could specify and validate rules for single-actor decision-making that constitute sufficient conditions for the creation of chains, hierarchies, triads, organizations, and paired categories, they would make strong claims for their favored reductionism. Fortunately, it matters little for purposes of this discussion whether we are dealing with inventions or emergents; once they are in place, people employ them for a wide variety of relational work.

Configurations multiply beyond their elementary forms: chains proliferate into long chains, two-step hierarchies into ten-step hierarchies, triads into dense networks of interconnection, categorical pairs into triplets, and so on. People who work in civil service, for example, become familiar not just with the relation between their own rank and adjacent ranks but also with a whole ladder consisting of asymmetrical connections.

Configurations also compound with each other; many hierarchies, as we shall discover later, incorporate categorical pairs, for instance, when physicians are Caucasian males and the nurses who work for them are Filipinas. An imaginary social structure compounding such configurations appears in Figure 2, which connects hierarchies ABD and ABF, triads BDF and BEF, chain DFG, and categorical pair CD. Also, through command position A, the diagram relates the entire organization (the bounded network) to external site X. In this imaginary case, site A enjoys the right to establish binding contracts between the whole and outside actors.

Whether or not these five network configurations turn out to be the elementary particles of social life, they recur very widely, doing characteristically different forms of social work. Their recurrence poses a triple
analytic challenge: to detect those characteristic differences among structures, to identify their causal regularities, and to investigate conditions for the structures' concatenation.

First, we must examine characteristic differences among the structures. Chains, hierarchies, triads, organizations, and categorical pairs each have their own operating patterns and consequences. Mark Granovetter's distinction (1983, 1995) between strong ties (those defined by substantial emotion, obligation, range, and durability) and weak ties (more fleeting, neutral, narrow, and discretionary) contrasts two of the basic structures. This distinction gains its importance from the general association of strong ties with small, dense network clumps containing many triads (three-party clusters) and the association of weak ties with long, single-stranded chains. In general, strong ties sustain solidarity, trust, and commitment while circulating a good deal of redundant information. Weak ties break more easily, but they also transmit information from distant sources more efficiently.

Granovetter's famous application concerns job searches, in which weak ties play an exceptional role because they connect job seekers with
a much wider range of opportunities, on average, than do strong ones. Although subsequent research has shown that medium-weak ties, with their modicum of commitment, provide better-quality information than very weak ties, the broad distinction between the effects of strong and weak ties has held up well to empirical scrutiny (Erickson 1996; see also Anderson 1974; Campbell, Marsden, and Hurlbert 1986; Campbell and Rosenfeld 1986; Corcoran, Datcher, and Duncan 1980; De Schweinitz 1932; Holzer 1987; Laumann 1973; Lin 1982; Lin and Dumin 1986; Marsden and Hurlbert 1988; Montgomery 1994; Murray, Rankin, and Magill 1981; Simon and Warner 1992). Weak ties occupy important places in all sorts of large-scale coordination. Without weak ties, for example, most people would acquire very little information about current politics, medical innovations, or investment opportunities.

Second, each configuration has its own causal regularities that demand individual attention. In triads, for example, where B and C have a distinctive relation (e.g., they are close friends), stability seems to require that relations AB and AC be similar (e.g., subordination, rivalry, or friendship rather than subordination in one case and friendship in the other). If two relations (AB and AC) are similar, solidary, and symmetrical, furthermore, the third (BC) tends to assume the same form. No doubt such properties help to account for the significance of triads in social structures that promote trust in the face of uncertainty and risk. Behind these apparent regularities lie both mutual learning and responses to the heightened transaction costs of inconsistency.

Third, we must investigate conditions for concatenation of the elementary structures: which ones fit together effectively under what circumstances, whether the presence of one sort of structure promotes the formation of the other, how many of a given kind an organization can contain without starting to collapse. As evidence concerning diminishing returns from large spans of control suggests, for example, very extensive hierarchies seem to negate their coordination advantages by incurring greater transaction costs and to invite subversion, shirking, or rebellion as well. No doubt other structural constraints limit the number of categorical pairs any organization of a given size can maintain, the relations among categories of varying sizes, and the types of viable combinations of categorical pairs with hierarchies (Blau 1977). Categorical
boundaries that require the parties on either side of the boundary to mutually avoid each other except for ritualized encounters, for instance, would most likely wreak havoc if installed in the upper reaches of extensive hierarchies.

Such a description of configurations, to be sure, freezes them into ice sculptures when in real life they more closely resemble the recurrent patterns seen in a waterfall. The description summarizes various tendencies that we observers might notice in fast-moving transactions among social sites. In fact, the ties in question shift among configurations, as when actors in a chain invoke or abolish a categorical distinction among themselves (friendly neighbors, for example) or when members of a hierarchy temporarily behave as a fairly equal triad (lieutenant, sergeant, and private, for example, defend each other against the enemy's fire). Any generalizations we make about these configurations necessarily take the form “Insofar as ties among sites form triads”

Recall a crucial point about social processes, including those that produce durable inequality. Designed, prescribed, and inherited social structures never work quite as their participants imagine they should or will. People make incessant mistakes; interactions produce unanticipated consequences; and, in many circumstances, if everyone actually followed the ostensible rules, either organizational disaster or an utter standstill would result. A master cabinetmaker once arrived at my home to install a set of handsome bookcases he had built in his shop. With the shelves and hardware, his helper brought in a large sack. I looked in the sack and saw several score small, thin wooden wedges. The conversation continued:

“What are those?”
“Shims.”
“What for?”
“Well, it’s clear you’re not a cabinetmaker. We use shims because there’s no such thing as a straight wall or a straight piece of wood. Shims straighten up the connections. Otherwise there’d be gaps all up and down the backs of the bookcases, and they might fall off the wall.”
In human interaction, people constantly avert disasters and standstills by inserting social shims in the form of self-corrections, reassurances, clarifications, compensatory actions, and mutual aid. Social processes are worse than bookcases, however: because they keep moving, no social shim stays in place very long. Social structures stick together, more or less, precisely because improvisation never ceases.

**SCRIPTING AND LOCAL KNOWLEDGE**

Figure 3 captures some of the variability involved. It represents two dimensions along which social transactions differ: the degree of localized common knowledge that participants in a transaction deploy, and the extent of scripting for such a transaction that is already available jointly to the participants. In principle, transactions include events in which one actor changes the state of another actor; the term “transaction costs” describes the energy expended in such interchanges. In practice, we concentrate on distinguishable interactions during which at least one actor exhibits a response to the other. Scripts range from the routines involved in such general configurations as triads and paired categories to the specific formulas people adopt to withdraw money from a bank. Just as pianists recognize and perform not only standard scales but also the intricate figures of a Beethoven sonata, interacting humans engage in routines that range from the virtually universal to those activated by only one social situation.

Similarly, local knowledge extends, for example, from tacit understandings acquired by long-term residents concerning connections among different locations in a city to the memory of previous conversations that frames today’s lunch between two old friends. Scripts provide models for participation in particular classes of social relations, while shared local knowledge provides a means of giving variable content to those social relations. Among the four basic mechanisms that generate durable inequality, emulation relies chiefly on scripting, while adaptation relies heavily on accumulation of local knowledge. Actually, however, all four mechanisms—exploitation, opportunity hoarding,
state authorities becomes more likely as management’s way of controlling unruly subordinates. Yet over and above such important differences, categorical inequalities operate and change in similar ways. As a consequence, the same organization can easily redouble categories (e.g., marking certain positions, e.g., not just for females but for black females) or install different categorical pairs (white/black, Puerto Rican/Irish) at different locations within its perimeter.

CATEGORICAL PAIRS AND THE MECHANISMS OF INEQUALITY

Let me recapitulate how and why. Humans have devised a limited number of organizational forms that work effectively in a very wide range of situations. One form is hierarchy, another the network built up of relatively homogeneous triads, a third the long-stranded network, and a fourth the bounded organization having some concentration of authority. Yet another is the location of paired, unequal categories at a well-defined boundary.

None of these organizational forms does good or evil in itself; each at various times does the work of saints, sinners, or the rest of us ordinary bumbles. But almost all human beings learn to detect, join, connect, transfer, and even create these forms early in life. All have structurally predictable yet often unforeseen consequences: unanticipated but frequent encounters among connected people; recurrent myths among occupants of high-ranking positions about occupants of low-ranking positions and vice versa; concentration of intimacy, marriage, and other relations of trust within triad-dominated networks; exclusion of qualified but unconnected persons from categorically concentrated rewards; and so on. Categorical inequality results from the institution of a general, powerful, problem-solving organizational form, the asymmetrically related categorical pair, in a location that commands substantial rewards and/or punishments. Categorical inequality is not necessarily bad; it can provide benefits by simplifying social life and facilitating the production of collective goods. It is pernicious, however, to the extent
y as management's way of control-and above such important difference and change in similar ways. As a result, one can easily redouble categories (earliest for females but for black females) (white/black, Puerto Rican/Irish) at will.

**HE MECHANISMS**

Humans have devised a limited number of networks in a very wide range of human work, another the network built up of power and authority, the network built up of third, the long-stranded network, a pairing and concentration of authorized, unequal categories at a well-defined location that commands substantial and greater returns to their dominant members and because a portion of those returns goes to organizational maintenance, such organizations tend to crowd out other types of organizations.

Opportunity hoarding by collaborative agents complements exploitation.
Opportunity hoarding operates more effectively and at lower cost in conjunction with categorical inequality.

Emulation and adaptation strengthen the effects of categorical inequality.

For any given organization, the installation of widely available exterior categories at boundaries defined by exploitation and opportunity hoarding lowers the cost of maintaining categorical inequality.

In a given population, the more prevalent and/or powerful the organization installing a given pair of unequal categories, the more widespread the overall inequalities in welfare between members of the two categories will become across that population.

Categorically differentiated experience in a given setting produces differences in individual capacities, propensities, and social relations that transfer into other settings and cause differential performances, hence unequal rewards, in new settings.

Much of what observers and participants interpret as innate individual differences in capacity actually results from categorically organized experience.

Seemingly contradictory categorical principles such as age, race, gender, and ethnicity operate in similar ways and can be organizationally combined or substituted within limits set by previously established scripting and local knowledge.

These points summarize the theory behind my entire analysis. At the risk of tedium, let us therefore review and examine in a bit more detail the theory's four central causal mechanisms: exploitation of labor-demanding resources by the elite, sequestering access to resources by the nonelite, diffusion of organizational models, and adaptation of valued social ties to existing divisions.

EXPLOITATION

Exploitation, as earlier defined, is a response to the situation in which some well-connected group of actors controls a valuable, labor-
HOW CATEGORIES WORK

Demanding resource from which they can extract returns only by harnessing the effort of others, whom they exclude from the full value added by that effort. (Let me vault over the crevasse of a fascinating, important question: how by force, ruse, purchase, inheritance, or legal device groups of actors acquire control over valuable resources in the first place.) Here categorical boundaries separate the major beneficiaries—we could label them exploiters, profiteers, or rent-seekers—from other contributors. This mechanism occupies a central place in Marxist theory:

Exploitation occurs when one section of the population produces a surplus whose use is controlled by another section. Classes in Marxist theory exist only in relation to each other and that relation turns upon the form of exploitation occurring in a given mode of production. It is exploitation which gives rise to class conflict. Thus different types of society, the classes within them, and the class conflict which provides the dynamic of any society can all be characterized by the specific way in which exploitation occurs. (Bottomore 1983, 157)

Without employing the full apparatus of Marxist theory, my analysis of exploitation draws directly on that idea of sectionally organized inequality. Note the relational content of the Marxist view: a boundary coexists with well-defined unequal relations across that boundary; the boundary and the unequal relations reinforce each other.

Although neoclassical economic doctrine declares that workers generally receive the equivalent of their labor’s marginal product, exclusion from full value added marks the general condition of labor under capitalism. The labor theory of value grew up within eighteenth- and nineteenth-century crafts as a hierarchy of masters, journeymen, and apprentices with significant possibilities of movement upward gave way to an almost unbridgeable gap between capitalists and workers; organized capitalists excluded workers from full value added, and workers cast that exclusion in the labor theory of value. During the nineteenth century, strict wage labor displaced the arrangements of indenture, apprenticeship, slavery, and household incorporation under which most subordinate workers had previously labored (Steinfeld 1991; Tomlins
1993; Way 1993). In that process, confrontation sharpened between those who owned the means of production and those who contributed to production primarily their own cunning, effort, and collaboration; thus the labor theory of value became even more plausible and urgent. Systems of slavery operate on similar principles of separation between owners and workers, but with even sharper divisions between included and excluded persons. South African racial categorization and the differentiation of American physicians from other specialists in health care, as we shall see in later chapters, likewise conform to the inclusion-exclusion principle.

Citizenship commonly operates in a parallel manner, excluding non-citizens from state-controlled or state-enforced benefits to the advantage of some or all citizens, as in Kuwait, Israel, Germany, the United States, and many other countries. In the United States, sharp distinctions with respect to a wide range of rights and obligations separate citizens, various categories of noncitizen legal residents, and illegal residents. Voting, military service, unemployment compensation, retirement benefits, health care, and much more differ categorically in this multiple system of citizenship and noncitizenship.

Such sharply drawn boundaries between ins and outs facilitate and justify unequal treatment; if the boundary corresponds to one that already prevails in the surrounding population, it costs less to install and maintain. An oligarchy's monopolization of resources becomes easier when a state can draw its revenues and their protection from a patron state or from easily sequestered commodities and activities such as Renaissance Venice's long-distance trade, early twentieth-century Bolivia's tin, and contemporary Saudi Arabia's oil. In such cases, self-reinforcing categorical inequality operates at very low cost to exploiters.

For millennia both mighty emperors and petty tyrants have organized exploitation around categorical distinctions. Long before apartheid, for example, many local southern African populations maintained their own systems of durable inequality, founding exploitation on decisive categorical differences. John and Jean Comaroff describe the nineteenth-century Tshidi population, a southern Tswana group settled in a number of villages near the present Botswana/South Africa border. A first division separated the Tshidi chief from his subjects:
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By convention, although all households were domiciled in villages, cattle were tended at distant posts, beasts hunted in the wild, and agriculture conducted at fields to which producers moved for the annual arable cycle. But the regulation of seasonal movement and its associated activities was a prerogative of the ruler. This was the crux of the tension, for its exercise was in the material disinterest of the population at large. Yet it was deeply inscribed in the logic of royal power, being an essential aspect of the processes through which the center dominated the domestic periphery and appropriated its surpluses. (Comaroff and Comaroff 1992, 107)

Further sharp divisions appeared within the subject population. Tshidi villages combined agriculture, pastoralism, hunting, and gathering. As is often the case, women did almost all agricultural work and thereby supplied the great bulk of the population's subsistence. But prestigious ritual and exchange activities depended on cattle raising, a male domain in which young boys, poor dependents, and serfs did the routine work. "Female cultivation (and, to a lesser extent, gathering)," remark Comaroff and Comaroff, "actually subsidized male activity in the public domain, establishing a material base on which rested the transactions of agnatic politics" (Comaroff and Comaroff 1992, 107).

Additional categorical systems separated generations, kin groups, and ethnically defined populations. Although Tshidi males hunted intermittently, "those who hunted on a regular basis, Sarwa ('bushmen') serfs, were seen as semi-human creatures; they were allowed into the town only at night to deliver skins, meat, and honey to their masters" (Comaroff and Comaroff 1992, 108). In each case, categorical distinctions did the work of exploitation, enlisting the effort of persons who received less than the value added by their contributions.

In all such circumstances, categorical inequality does not one but two kinds of work for the powerful. It facilitates the extraction of effort from subordinate populations without fully sharing the returns of that effort. But it also permits members of the superior category, which is usually much smaller, to distribute solidarity-generating benefits within their own number, thus ensuring a command structure and orderly succession within an elite. Mancur Olson once denigrated such "distributional coalitions" as barriers to collective efficiency except when they
approached coalitions of the whole, but he recognized their value for coalition members (Olson 1982).

I have so far described exploitation as if resource-controlling powerholders organized it free of cost. That initial simplification distorts the world twice. First, every organizational innovation imposes costs for invention, perfection, installation, socialization, and articulation with adjacent elements; most involve hidden and unanticipated costs in the term of impacts on incentives, alteration of existing solidarities, creation of constraining ties outside the organization, and facilitation of resistance.

Second, because no one can entirely control the actions of another, every innovation generates bargaining among organization members; we can label as “struggle” or “contention” the more rambunctious forms of bargaining. Bargaining incorporates local knowledge and modifies standard scripts. Even in Caribbean slave economies, as Arthur Stinchcombe points out, slaveowners varied greatly in the extent of control they exercised over their human chattel; they more often freed slaves, for example, within the same categories they supervised least from day to day. Some slaves therefore lived in “near freedom.” Stinchcombe argues persuasively that

the central determinant of treatment “near freedom” by owners toward slaves was the slaveowner’s wanting the slave to be a responsible agent in unsupervised services or work, work involving care, or enthusiasm, or risk to the worker, or requiring loyalty that could be easily betrayed. Thus it was that when the slaveowner wanted trustworthy agency by slaves that he or she treated them as if they were free, as if they had rights, and in the extreme gave them rights. (Stinchcombe 1995, 134)

Despite Stinchcombe’s language of intention and calculation, those practices sprang not only from slaveowners’ organizational astuteness but also from incremental, implicit, and finally compelling bargains between masters and workers. Any full account of exploitation must include the costs of implementation as well as bargaining—however unequal—among the principals.

As the examples of citizenship, Tshidi social divisions, and slavery
HOW CATEGORIES WORK

Indicating, exploitation operates over a broader range than labor processes in any strict sense of the word. It occurs wherever well-connected people control valuable resources from which they extract returns by deploying the effort of others, whom they exclude from the full value added by that effort. The "value" in question may of course be monetary, but it may also take the form of power, deference, perquisites, services, goods, or protections. Categorically organized exploitation plays a part in almost all processes that generate durable inequality.

OPPORTUNITY HOARDING

A second general mechanism promoting categorical inequality, the hoarding of opportunities by the nonelite, complements exploitation. When members of a categorically bounded network acquire access to a resource that is valuable, renewable, subject to monopoly, supportive of network activities, and enhanced by the network's modus operandi, network members regularly hoard their access to the resource, creating beliefs and practices that sustain their control. As in exploitation, a boundary separates beneficiaries from others, while unequal relations across the boundary connect them. In opportunity hoarding, however, beneficiaries do not enlist the efforts of outsiders but instead exclude them from access to the relevant resources. Immigrant niches provide strong examples of this second inequality-promoting mechanism. So, however, do trade diasporas, cults, professions, criminal conspiracies, and homogeneously recruited elite military units.

These last examples point to an important variant on this second type of mechanism. Initially heterogeneous cults, priesthoods, criminal conspiracies, and elite military units sometimes create exclusive inequality-sustaining categories in the process of exploiting such valuable resources; and they often enhance commitment to these categories by means of intense socialization and segregation for entering cohorts. Savoir the following reflections on the treatment of plebes (first-year military cadets) by a career officer who graduated from the United States Military Academy at West Point and later taught there for years:
West Point breeds restraint deep into a man’s soul. A senior cadet can stand behind a plebe and put his face up close to that man’s neck and tell him to stand straighter, or to recite “Schofield’s Definition of Discipline,” or to lead his squad mates in a rousing cheer—or he can give that plebe a series of tasks rapid fire, tasks that would lead most anyone else to frustration; and the plebe will stand there cool as Napoleon’s seventy-fifth maxim demands that he be, and he will take up the tasks one at a time until he gets them right—or he will suffer the wrath of the upperclassman. Take that same plebe to the bayonet course down by the river and tell him to execute the vertical butt stroke series with his baya-netted rifle, and he will rip the sawdust-filled dummy to shreds. A casual observer, on the sidelines of these military spectacles, might think he’s watching homicidal maniacs at work. But he would be wrong. The cadet is no less human than he, and probably much less prone to random acts of violence. The cadet just happens to be trained in the art of war. He understands the merits of restraint as well as the application of force. (Hoy 1996, 64, 66)

Pat Hoy’s readers might join me in wondering whether today the larger threats to human life come from “random acts of violence” or from professionals trained to kill dispassionately, but they will recognize in the upperclass treatment of plebes at West Point a formidable socialization process at work. Military academy hazings offers a dramatic illustration of the process that creates unequal categories, not to mention insight into why old members and new recruits often conspire to organize categorically segregated recruitment into the elect. This sort of intense socialization will not work unless candidates have prospects of great, lasting benefits from survival into membership.

Consider a more benign version of the same arrangements. Rotating savings and credit associations—Chit in India, Hui in Taiwan, Tontines in Senegal, Kye in Korea (Besley 1995, 170)—all reduce risk by restricting their membership to carefully screened members of established categories. Because the association’s members maintain dense, frequently triadic, relations with one another, monitoring costs fall, and the costs of exclusion to defaulting members rise. Trade diasporas in which a handshake with a person of common origin seals a million-dollar transaction—for example, different specialties within the world
into a man’s soul. A senior cadet can face up close to that man’s neck and recite “Schofield’s Definition of Disci-pline” in a rousing cheer—or he can give fire, tasks that would lead most anyone will stand there cool as Napoleon’s se-cret, and he will take up the tasks one—or he will suffer the wrath of the up- per to the bayonet course down by the vertical butt stroke series with his bayo-net dust-filled dummy to shreds. A ca- dets at these military spectacles, might think they are working. But he would be wrong. The and probably much less prone to ran- dom acts of violence” or from pro-nately, but they will recognize in the West Point a formidable socialization by hazing offers a dramatic illustration of categories, not to mention insight into the art of recruitment and training. This sort of intense so-cialization and training is how candidates are organized into the elect. This sort of intense socialization and training is how candidates have prospects of great, last- ing membership.

on of the same arrangements. Rotating -Chit in India, Hui in Taiwan, Tontines 995, 170)—all reduce risk by restricting reen members of established category-members maintain dense, frequently tri- nor, monitoring costs fall, and ing members rise. Trade diasporas in on of common origin seals a million-different specialties within the world diamond business, most of which belong to particular ethnic net-works—operate on similar principles (Curtin 1984; Greif 1989).

In a situation of fierce competition for scarce resources, such a mecha-nism often comes to involve both exclusion and exploitation. Opportu-nity hoarding turns into exploitation. All it takes is investment of pooled savings and credit in activities that profit disproportionately from the efforts of excluded persons. When members of excluded categories or-ganize to resist—as when South African Zulus attack Asian merchants or New York blacks boycott Korean-owned groceries—they commonly complain that just such a synthesis of exclusion and exploitation is hurting them.

An extreme, often malign, variant of the pattern exists. A threatened elite sometimes tries to create racial divisions, to redefine racial bound-aries, or to racialize boundaries that already exist as a way of reducing an insubordinate population’s power. Later we shall see how just such a process worked in South Africa after 1903. But the United States also experienced multiple versions of the process after Emancipation. Given the fact that many people had mixed African and European ancestry, the South’s Jim Crow legislation typically not only legislated separate and unequal positions for “black” and “white” citizens but also defined anyone having any known African ancestors as black. Hence great ad-vantages accrued to mixed-race families who could “pass” for white, great anxieties about purity of blood, strenuous efforts at constructing genealogy in support of white claims to superiority.

A similar, often equally pernicious, process unfolds at national and international scales in the creation of ostensible nations whose spokes-persons claim priority within the native territory. Where rewards such as statehood, military aid, or preferential access to land accrue to leaders who assert credibly that they represent unified, distinct, and worthy populations, political entrepreneurs have powerful incentives to create, fortify, and enforce exclusive inequality-sustaining categories while sup-pressing alternative categorizations and denigrating populations that lie across their category-defining boundaries.

Although most such assertions fail, for the past two centuries several hundred of them have succeeded internationally, bringing recognition
of sovereignty to putative nations that previously lacked political autonomy and sovereignty-linked rights to arm, tax, coerce, monitor, and exclude. They acquired independent states. Once, major peace settlements such as the Treaties of Westphalia (1648) provided the main occasions on which established states recognized newcomers to their ranks. Since World War II, great powers have generally delegated to the United Nations the job of certifying successful categorical performances by means of recognition as an independent state.

Those recurrent processes have built durable categorical inequality into the international system. Because the stakes are so high, furthermore, members of competing categories within the same polity have often killed each other over such demands. Disintegration of the Soviet Union and Yugoslavia after 1989 brought just such fratricide. In fact, the frequency of genocide and politicide have increased dramatically in the world as a whole since World War II, precisely as the possibilities and advantages of a putative nation’s controlling its own state and excluding others from its benefits have risen (Gurr 1994; Gurr and Harff 1994).

These wide-ranging examples establish that a correlation, but not an equation, exists between elite position and exploitation, between nonelite position and opportunity hoarding. Elites typically become elites and maintain themselves as elites by controlling valuable resources and engaging the effort of less-favored others in generating returns from those resources, whereas nonelites commonly have to settle for the identification of niches not already fully exploited by elites. Yet elite opportunity hoarders thrive in the form of professionals who gain by excluding other potential producers from markets for their services, in the form of rich individuals who bequeath wealth to their children, and in the form of powerful persons who enjoy private hunting lodges, beaches, and similar perquisites. Nonelite exploiters likewise exist in the form of mafiosi, pimps, and sweatshop operators. We must take care not to fuse the distinction exploitation/opportunity hoarding with the distinction elite/nonelite.

Identification of exploitation and opportunity hoarding always relies at least implicitly, on a counterfactual hypothesis: with a different sort of organization—and especially without a categorical division of effort
and reward—people could still produce at least as well as the existing division of labor allows, and a less unequal division of rewards would occur. Although extreme cases such as slavery make hypotheses of this sort plausible, over a wide range of unequal social life they are harder to specify and verify. We must face the counterfactual challenge in the usual ways: empirically by placing observed social arrangements in comparative perspective (what alternative ways of organizing similar activities can we find elsewhere in history, and what governs their relative effectiveness?), theoretically by breaking down complex processes into their elements and showing that in principle those elements can combine differently (using nothing but causal mechanisms and sequences known to have worked elsewhere, can we identify different paths away from the same initial conditions?). Although nowhere will I stage a grand confrontation between theory and evidence, pages to come will repeatedly feature empirical and theoretical discussions along these counterfactual lines.

EMULATION

By extension, the two main mechanisms favoring categorical inequality activate the third mechanism, which I have called emulation, the reproduction of organizational models already operating elsewhere. Emulation works throughout the social world and includes the adoption of egalitarian models of social interaction as well as models applying across a wide range of social relations, from equal to unequal: compounds of chains, triads, organizations, and categorical sets that may or may not articulate with hierarchies. Here we concentrate on the special version of emulation I have called borrowing, the transfer of chunks of social structure that happen to include unequal categories. Almost all military organizations install distinctions between officers and enlisted personnel, between those whom the organization entrusts with command or responsibility for its major resources and all others; most of them then assimilate such professionals as physicians, engineers, and chaplains to the officer corps. The dividing line between caballeros...
(horsemen who owned their own equipment and often brought along
t heir own retainers) and peons (footsoldiers who came to war on foot
with little but their own labor power) emerged from Castilian
wars against their former Muslim overlords (Powers 1988). Similar historical
differences in recruitment of military forces installed such a distinction
in European armies.

No functional necessity, it seems, requires all armies to maintain
sharp distinctions between officers and enlisted personnel; indeed, most
military organizations compromise the boundary by creating warrant
officers, high-ranking petty officers, and well-defined channels from en-
listed to officer status. Yet any state producing a new military organiza-
tion reproduces some version of a distinction established by centuries-
old ties between landlords and tenants, between nobles and commoners
between knights and retainers.

As long as caste-divided militaries fight, no less effectively than egal-
tarian bands of guerrillas or other forms their enemies may improvise,
we can expect each military organization to emulate its predecessors,
reproducing the officer/enlisted division. We can reasonably expect em-
ulation because familiar forms transfer more cheaply than unfamiliar
forms and ease the process of articulation with other familiar organiza-
tional forms such as educational institutions and state bureaucracies.
More generally, lower transaction costs favor the reproduction of exist-
ing organizational models, whatever their origins.

Emulation duplicates far more than categorical boundaries and rela-
tions across those boundaries, to be sure; organization builders emulate
chains, hierarchies, triads, and whole organizations as well as unequal
categorical sets. Duplication of major organizational segments or even
whole organizations, including unequal categorical relations, from one
location to another transfers the effects of accumulated adaptations;
their familiarity makes them seem natural in the new setting.

Emulated organizational forms are sometimes unique to the organi-
zation copied, as when refugees from an established electronics manufac-
turer create a rival firm by cloning its structure. More often, however,
emulation follows general models, including categorical arrangements
that encompass any particular class of organizations. New hotels repro-
duce the ethnic, racial, and gender divisions of labor that are already familiar to their employees from earlier work in other hotels; new universities reproduce the departments, administrative divisions, and hierarchies of payment prevalent in the old universities from which their founders came.

ADAPTATION

A fourth complementary mechanism, adaptation, keeps systems of categorical inequality in place despite playing little part in their creation. Adaptation, like emulation, is an extremely general social mechanism that figures widely outside the realm of inequality. It has two main components: the invention of procedures that ease day-to-day interaction, and the elaboration of valued social relations around existing divisions. In the absence of concerted resistance by members of subordinate categories and exogenous changes in the host organization, all parties build multiple routines around the categorical boundary and thus acquire interests in its maintenance; they alter scripts and accumulate satisfying local knowledge. Assuming the continuity of existing divisions, however much they resent those divisions, office workers elaborate time schedules, evasive practices, mythologies, jokes, epithets, alliances, and conspiracies that actually reinforce the structures within which they grow.

On-the-job sexual harassment and predation by male workers against female co-workers sometimes serve exploitation and opportunity hoarding, as when male artisans drive female competitors off the job. Most of the time, however, it occurs as an adaptation that gives male misogynists additional incentives to maintain the gender boundary without giving female victims the capacity to overturn the practice. Marian Swerdlow's vivid report of her experiences and observations during four years as a rapid-transit conductor affirms that in the absence of a work-based interior boundary corresponding to the gender line, even sexist men eventually tend to recognize the competence of women in the same jobs and to check their harassment as they do so (Swerdlow
Her experience resembles that of Marge Kirk, the concrete-truck driver quoted in Chapter 2. With experience, the relationship shifts from predominantly man/woman to predominantly worker/worker. Accumulated local knowledge actually produces a change of script.

In coping with unequal situations, moreover, victims themselves improvise routines that involve them in the reproduction of inequality. Even slaves acquire interests in the predictability of their masters’ behavior, in conformity that will increase their chances of emancipation, and in the segregation that affords them opportunities for mutual aid. Even hard-pressed enlisted personnel collaborate with their officers most of the time; even exploited women form on-the-job friendships with other women that make them reluctant to quit work in protest against their exploitation. As Michael Burawoy points out for industrial workers, “making out” by finding efficient ways to gain extra pay draws producers willy-nilly into local workers’ culture and thence into collaboration with at least some management objectives. Burawoy reports his experience as a machinist at Geer:

> It was a matter of three or four months before I began to make out by using a number of angles and by transferring time from one operation to another. Once I knew I had a chance to make out, the rewards of participating in a game in which the outcomes were uncertain absorbed my attention, and I found myself spontaneously cooperating with management in the production of greater surplus value. (Burawoy 1979, 64)

Despite then imagining myself to be some sort of rebel, I remember making exactly the same sorts of accommodations to capital’s interests in the factory jobs I held during summers of my high school and college years. Adaptation, in such circumstances, reproduces or even reinforces an exploitative system.

**BOUNDARIES OF INEQUALITY**

In short, exploitation by an elite, opportunity hoarding by the nonelite, diffusion of organizational models created by one of the first two processes, and adaptation of valued social relations to existing divisions
of categorical inequality? Under competition, reference, and xenophobia, many analyses as the foundation of categorical inequality's roots, then presumably inequality as education or sociable contact extirpates or substitute new beliefs.

A belief-centered account. In a relationship from categorical relations and practices as a consequence of improvisation, nevertheless, beliefs justify, fortify, legitimize unequal male/female relationships about gender differences, making the same holds for race. In the Brooklyn neighborhood of Canarsie, Jon, an Italian worker:

Take the blacks for example. Their cultural ideas are recalled by the words of a former official: "I say, don't put animals in the street, and you don't put the animals in the street? I can't see it. You can't make it. You can't mix."

Rieder, however:

...from East New York and Brownsville, concepts of integration. They accepted the all, and freedom of expression until it is revealed to maintain the kind of society that all fear of the minority community they live. (Rieder 1985, 57-58)

tensive under the pressure of collective identities separating them from members of interaction, fear, hope, and imagining maintaining stories. Such stories strongly possible or desirable alternatives to current practices and relations. Once coherent sets of stories, relations, and practices about a given kind of categorical inequality are available, people unthinkingly integrate them into their daily routines and solve organizational problems with them.

When the activities in which people are involved benefit from drawing lines between the included and the excluded, having unequal categories already at hand—whatever the categories—advances those activities handily. Thus shared beliefs play significant parts in the operation of categorical inequality and limit the organizational alternatives that participants consider, fear, or desire. But if the transaction costs of a given system of inequality rise dramatically or the likely benefits of an alternative system increase visibly, shifts in categorical relations occur much more rapidly than any explanation resting on belief alone can account for. The agility of nationalists in shifting from one definition of who they are (and of their relations to others who are not so blessed) to a different definition illustrates the organizational opportunism that regularly moves inequality-sustaining beliefs. So does the quickness with which bosses and workers alter their theories about the inherent talents and deficits of different categories of workers when shifts in labor supply force an alteration in recruitment to particular sets of jobs.

INEQUALITY AT WORK

How can we apply this analysis to the all-important world of work, where so much durable inequality begins and ends? Let us consider work to be any human effort that produces transferable use value. Although plenty of work goes on outside jobs and firms in any strong senses of the two words, let us speak temporarily of jobs and firms. (A job is a bundle of work contracts—rights and obligations governing the relations among producers and recipients of transferable use value—attached to a single person; a firm is any organization whose internal positions consist chiefly of jobs.)

Even within well-developed capitalist firms and labor markets, we find the causal nexus of categorically organized exploitation,
opportunity hoarding, emulation, and adaptation. Where wages vary significantly from job to job and categorical membership strongly affects the allocation of workers to jobs, systematic wage differences by category appear. In all capitalist countries, categorical processes strongly affect the matching of workers with jobs, thereby shaping wage differentials among categories of workers. From initial hiring to career path (if any) through a firm or industry, categorical distinctions—whichever categorical pairs firms and industries have built in—matter profoundly.

Start with the processes that match workers with jobs in the first place. Although of course they merge, we can conveniently distinguish between recruitment networks, formed as hiring agents search for potential workers, and supply networks, consisting of preexisting ties among potential and actual workers. Even in the contemporary United States, employers commonly start searches for new workers by asking current employees whether they know likely candidates. Employees, furthermore, commonly look within their own firms for information on job openings to benefit potential workers they want to help.

Together, those facts suffice to introduce enormous selectivity into the joining of recruitment and supply networks. Management’s initial identification of interior with exterior categories through designating certain jobs as men’s work, women’s work, Mexicans’ work, or something of the sort merely accentuates a process that tends to unfold even without self-conscious managerial incitement.

Why and how does it unfold? Consider the possible components of categorical inequality in regard to the rewards of work. Within firms, only small inequalities in rewards generally appear among occupants of jobs that the organization identifies as the same; most such within-job inequalities result from seniority and similar widely accepted grounds for discrimination. Large differences in rewards usually correspond to separate jobs, distinct bundles of work contracts.

Firms bound and link jobs—that is, they identify some sets of jobs as belonging to the same category and relate some jobs to each other through linked work contracts, established mobility paths, or both. Skilled machinists may fall within the same organizational boundary and thus enjoy similar systems of reward, while their apprentices
and adaptation. Where wages vary and categorical membership strongly affects systematic wage differences by categories, categorical processes strongly affect jobs, thereby shaping wage differences. From initial hiring to career path (if categorical distinctions—whichever categories have built in—matter profoundly), match workers with jobs in the first surge, we can conveniently distinguish these as hiring agents search for potential candidates, consisting of preexisting ties among workers in the contemporary United States, for new workers by asking current likely candidates. Employees, further, seek information from their own firms for information on jobs they want to help.

To introduce enormous selectivity into supply networks, management’s initial interior categories through designating men’s work, Mexicans’ work, or sometimes a process that tends to unfold even if incitement. Consider the possible components of the rewards of work. Within firms, these generally appear among occupant ties as the same; most such within-job ties and similar widely accepted grounds in rewards usually correspond to work contracts. At is, they identify some sets of jobs as and relate some jobs to each other established mobility paths, or both in the same organizational boundary of reward, while their apprentices occupy jobs linked to their skilled elders by both shared work contracts and prospects for mobility. To the extent that machinists receive distinctive rewards, that recruitment to a position as an apprentice machinist engages categorically segregated supply or recruitment networks, and that a job as a skilled machinist requires promotion from apprentice, categorical inequality separates machinists from other workers in the firm. My earlier distinction between turnover pools and command-and-promotion pools, with their very different packages of rewards, illustrates the same principle. Such large differences typically generate interior categories with well-marked boundaries governing not only forms of payment but also mobility chances, dress, demeanor, sociability, and belief.

Firms also rank jobs and categories of jobs with respect to each sort of reward they offer, with different kinds of rewards commonly correlating with each other but not defining identical rank orders. Some jobs give more money, others more autonomy, and so on. We must distinguish ranking from sorting, the matching of individuals with jobs. Ranking processes determine how much inequality in rewards appears within a firm, but sorting processes determine to what extent those inequalities coincide with exterior categorical boundaries.

Some sorting certainly corresponds to individual attributes and performances: educational record, demonstrated zeal, acquired familiarity with local procedures, and more. Within the large pools of short-term employees who work in fast-food restaurants, enterprising managers keep their eyes open for workers whose energy, poise, linguistic skills, and sense of responsibility mark them as potential recruits to management. Some self-selection also takes place, as people who enjoy command head for careers in law enforcement rather than social service or human rights advocacy (Sidanius, Pratto, Sinclair, and van Laar 1996). But a large (if still debatable) share of all sorting matches jobs not with individual attributes or performances but with whole categories of people.

Why match interior categories such as turnover pools to exterior categories such as gender, age, race, ethnicity, religion, or social class? The reasons range from the self-conscious to the inadvertent. At the
self-conscious end of the scale, people who build or change organizations save effort by incorporating all sorts of existing social structures—standard work contracts, linguistic conventions, rhetorical routines, and much more—directly into organizational structure. Such deliberately adopted devices often include importation of categories from outside: gender-typing, ethnic typing, and so on.

At the scale’s inadvertent end, however, lie an equally important set of organizational processes that match exterior to interior categories. Here members solve various problems and capitalize on various opportunities by drawing on categorically segregated networks. Workers trust, train, and help each other more fully when they share outside solidarities and common cultures; employers find new workers through the contacts of workers already on the job; subcontracting follows the lines of managers’ previous collaborations; and the supply-driven recruitment of people from distinct exterior categories into adjacent interior categories imports externally established relations between the categories into the organization’s daily life. Here opportunity hoarding, emulation, and adaptation intersect to reinforce exploitation.

Let me put it more generally. Seen from the perspective of an entire labor force, categorical inequality in the rewards of work breaks down into the effects of eight general factors:

Categorical differences in job qualifications, which may of course result from discrimination in households, neighborhoods, schools, and other settings or from unequal distribution across such settings

Employer discrimination by category within equivalent jobs

Categorical differences in potential workers’ preferences for different jobs

Bounding of jobs within firms

Ranking of jobs within firms

Linking of jobs within firms, which concerns not only mobility prospects but also access to collaboration, patronage, and on-the-job training

Categorical designation of jobs

Categorical segregation of recruitment and supply networks by job and/or firm
people who build or change organizational structure—conventions, rhetorical routines, and rational structure. Such deliberately portation of categories from outside so on. However, lie an equally important set: match exterior to interior categories, and capitalize on various opportuni-cally segregated networks. Workers more fully when they share outside employers find new workers through n the job; subcontracting follows the borations; and the supply-driven re-exterior categories into adjacent inte-established relations between the cate-gily life. Here opportunity hoarding, ct to reinforce exploitation. Seen from the perspective of an entire in the rewards of work breaks downctors:

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In the form of human-capital, discrimination, and queuing theories, standard models of inequality feature the first three factors: categorical differences in job qualifications, employer discrimination, and categorical differences in preferences. These are the factors that lend themselves easily to individualistic interpretations. For all their prominence in the descriptive literature on work and labor markets, the remaining, heavily relational factors—bounding, ranking, linking, categorical designation of jobs, and categorical segregation of networks—have received little theoretical attention.

A ninth, even less visible, factor also helps produce categorical inequality: differential distribution of category members among firms and nonfirm worksites, including sites outside the labor force as customarily defined. To the degree that categories differ in their distribution between sweatshops and other kinds of factories, between formal and informal economy, between work in firms and work at home, those differences contribute to categorical inequality in the rewards of work. Categorical inequality by age makes the strength of such effects clear: people under the age of fifteen or over the age of seventy do plenty of useful work, but they do little of it for wages in jobs, firms, or labor markets; very old and very young workers get much less money per unit of effort than those of other ages. The same sort of unequal distribution across sites of work occurs by gender, race, and national origin.

Without denying the presence of categorical human-capital differences, employer discrimination by category, and categorical variation in job preferences, I claim that organizational processes of the sort I have been describing play a large part in the production, maintenance, and change of categorical inequality. Human-capital differences form largely as indirect effects of categorically segregated experiences in other set-tings. Employer discrimination operates largely through the installation of organizational boundaries rather than person-by-person differentiation. Workers’ preferences conform significantly to built-in boundaries. Even state intervention in the nine inequality-generating factors typically rests on categorical assumptions concerning capacities and propen-sities for different kinds of work.

Two implications follow: first, that preferences and wage bargains provide too thin a base for explanations of durable inequality at work;
and, second, that a significant portion of that inequality results not from self-conscious discrimination but from efforts to solve other organizational problems by the incorporation, often unintentional, of exterior categories into the structure of work and labor markets. Our job, then, is to investigate how exterior categories are built in, and with what effects.

Exploitation, opportunity hoarding, emulation, and adaptation operate at each node in the processes that allocate differential rewards to members of distinct categories: the acquisition of job qualifications; the distribution of category members over firms, industries, sectors, and work statuses; bounding, ranking, linking, and the categorical designation of jobs; the categorical segregation of recruitment and supply networks; hiring, promotion, and transfer among work positions. In order to explain categorically unequal rewards for work within firms, we must separate two questions that analysts of inequality ordinarily conflate: Why and how do such organizations build unequal categories into their daily operations? Why and how do such interior categories come to incorporate certain widely established exterior categories: gender, race, ethnicity, educational background?

To answer those questions, we must think about the actual organization of firms. Imagine two network X-rays of all the jobs in a firm, the first short-term, the other long-term. The short-term X-ray shows us the day-to-day relations of people occupying various jobs, with thick lines for frequent interaction. It is a current-interaction map. That photograph features some long chains, most of them hierarchical, and many clumps containing multiple triads. The triadic clumps include more people occupying relatively equal positions within the firm than do the chains.

The long-term X-ray, taken over a number of years, registers the persistence of persons in the same positions and the movement of persons from job to job—promotions, demotions, and transfers—as well as firings, layoffs, retirements, and departures from the organization to positions outside. It is a mobility map. It divides even more decisively than the short-term X-ray into long chains (mostly hierarchical) and isolated clumps of relatively equal jobs.

The two X-rays resemble each other. The short-term photograph displays many more lines, since it registers both the relations between
of that inequality results not from efforts to solve other organization, often unintentional, of exterior and labor markets. Our job, then, is to see the effects, ng, emulation, and adaptation operate that allocate differential rewards to acquisition of job qualifications; the over firms, industries, sectors, and linking, and the categorical designation of recruitment and supply net- transfer among work positions. In order wards for work within firms, we must...
fault lines and solidarities categorically, labeling the boundary, the positions on either side of the boundary, and the relations between them. The labels show up in annual reports, letterheads, and organization charts, but they also emerge in an organization’s informal culture as names for mafias, cabals, connections, cliques, allies, and enemies. The categories both distinguish and relate sets of interconnected workers who have shared stakes in the organization’s performance. Each category has a partly independent incentive system.

Figure 5 schematizes the broadest level of variation in that regard. It refines the earlier command/turnover distinction among job pools by differentiating three types of work contracts (the prescribed relations between a given worker and other parties to his or her work). Firms typically bundle work contracts into jobs, the firm-enforced rights and obligations defining the relations of a single worker to all others. Here we see jobs differing significantly with respect to short-term monetization (an eventual share in the firm’s profits rates low on monetization, whereas hourly wages paid each day rate high) and time-discipline (the degree to which supervisors prescribe, monitor, and correct the worker’s performance continuously). The solitary sculptor who fills a studio with statues in hopes of eventually selling them ranks low on both time-discipline and short-term monetization, whereas the telephone operator who receives hourly pay for closely monitored effort ranks high in both regards.

The diagram differentiates jobs according to their dominant incentive systems. Task incentive systems emphasize block payments for goods or services delivered to the firm, as when a company engages a private physician to conduct medical examinations of prospective employees for so much per examination or when a telephone sales agent works at home for straight commission; contingent compensation becomes the dominant incentive. Drive incentive systems put the worker’s time at the firm’s disposition for closely supervised effort, although contingent compensation certainly matters, coercion looms much larger than in task systems. Analysts have often called drive systems “Taylorite” or “Fordist,” referring to the routinizing supervisory measures of Frederick W. Taylor and Henry Ford. Owners of American print shops, for example, shifted massively from task to drive systems with the spread of the Li-
HOW CATEGORIES WORK

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sely monitored effort ranks high in both

38 according to their dominant incentive
phasize block payments for goods or
as when a company engages a private
xaminations of prospective employees
r when a telephone sales agent works
on; contingent compensation becomes
centive systems put the worker’s time at

sion looms much larger than in task-
alled drive systems “Taylorite” or “For-

Figure 5. Broad Types of Work Contracts Within Firms

notype around the turn of the twentieth century, substituting hourly
pay for payment by the job, sponsoring trade schools that would teach
printing outside the shop, challenging craft control over the pace of pro-
duction, and undermining printers’ unions when they could (Baron
1993b, 64–65).

Loyalty systems afford an employee discretion in carrying out job
responsibilities, imposing less prescription and monitoring than drive
systems but still requiring more continuous performance than task sys-
tems. Here commitment (diffuse and long-term guarantees of rewards)
figures more prominently among incentives. Loyalty systems mark
what analysts of segmented labor markets have often called primary sectors or jobs. Drive systems characterize the secondary sectors, and task systems now operate chiefly at the edges of labor and commodity markets.

Drive systems rely on extensive scripting with little local knowledge, task systems on little scripting with extensive local knowledge, loyalty systems on significant shares of both scripting and shared local knowledge. Loyalty systems correlate with internal labor markets, where entry-level workers have some prospect of moving to more rewarding jobs within the firm if they perform well, have considerable incentive for accumulating firm-specific knowledge, and often enter internal patron-client chains that informally circulate information and exercise power.

Firms commonly reward workers in loyalty systems by giving them higher pay, more secure tenure, better benefits and perquisites, plus long-term accumulations of rights and equity. Nineteenth-century craft workers generally produced under task systems; even within factories, foremen commonly received lump sums for quantities produced, hired their own workers, and enjoyed great autonomy in the timing and organization of labor processes. As early twentieth-century manufacturers brought craft workers under tighter central control, however, those whose jobs they could not deskill and drive they generally bought off with integration into loyalty systems.

Loyalty systems frequently appear in conjunction with extensive internal labor markets, where the possibility of future promotion provides strong incentives for energetic performance. According to a salary administrator at Indsco, the large multinational studied by Rosabeth Moss Kanter, “Money is not a motivator, anyway. It’s just a way for the company to cut its losses by ensuring that people do their job at all. The reward we really control is the ability to promote” (Kanter 1993, 129).

A given firm may, of course, maintain two or more mobility-segregated loyalty systems. A chemical company, for example, might recruit lower-level supervisors chiefly among recent college graduates in chemistry or chemical engineering, and then organize an implicit competition among them for promotion into executive ranks. At the same time, the company might create quite a different mobility track for less-educated
markets have often called primary
characterize the secondary sectors, and at the edges of labor and commodity
scripting with little local knowledge, extensive local knowledge, loyalty
other scripting and shared local knowl-
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company, for example, might recruit
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do executive ranks. At the same time, the
different mobility track for less-educated
laboratory technicians who will never have a chance to become execu-
tives.

A firm may also create multiple clusters of task incentive or drive
incentive jobs, each with its own categorical label; every large hospital,
for instance, incorporates several such distinct clusters in food prepa-
ration, cleaning, laundry, patient care, and elsewhere. Kanter compares
two well-segregated systems within Indsco:

The great divide in company personnel terms was the exempt/nonex-
empt distinction. “Nonexempts” were the workers paid weekly and cov-
ered by wage-and-hour laws; for example, they must be paid overtime
rates for extra hours. In the office and administration side of the com-
pany, nonexempts were almost all women, although there were a few
nonexempt men at both low and high status, such as mail messengers
on the low end or accounting clerks on ladders leading to exempt jobs.
“Exempts” were on annual salary; they were the managers, the profes-
sionals, and the sales and technical workers, who were still practically
all men. (Kanter 1993, 37)

Drive incentives figured more prominently for nonexempts, loyalty in-
centives for exempts. Mixes of task, loyalty, and drive incentive systems
vary drastically from firm to firm and industry to industry, with task
work rare or nonexistent in fast-food establishments but predominant
in architecture, filmmaking, and commercial art. Television writing, for
example, typically operates by the job:

The employment relation for television writers is closer to the kind of
short-term contracting typical of craft administration of production than
to the bureaucratically organized internal labor market typical of large
firms. Writers are employed for the duration of a project, which might
be as short as a few weeks for work on a single telefilm, pilot, or episo-
de of a prime-time series. Most secure (and potentially most lucrative)
is employment as a writer-producer on an ongoing prime-time series.
Those series last anywhere from a few weeks to a few years, but even
on the most enduring series there is considerable turnover among the
production staff from season to season. (Bielby and Bielby 1995, 212)

Although drive and loyalty components enter the television writer’s
contracts, task incentives loom large. Like acting and solo musicianship,
television writing operates under incentive systems that are very different from the bureaucratic ladder-climbing of Indsco.

Boundaries of solidarities, mobility clusters, and incentive systems, then, correspond closely to each other. They separate the major inequalities of condition within the organization: relatively equal within, relatively unequal between. Paired categories (in the case of Indsco, exempt/nonexempt) mark those boundaries. The paired categories themselves result in part from deliberate organizational innovation, in part from emulation of other organizations, in part from interaction among workers embedded in the different systems, and in part from intersection of the organization with crosscutting structures such as professions and governmental agencies. That is how an organization’s interior categories come into being.

Through processes that the remainder of this book analyzes in detail, then, interior categories often couple with exterior categories of race, gender, class, ethnicity, age, neighborhood, citizenship, and so on. Kanter’s observations on gender segregation within Indsco show us just such a coupling of interior (exempt/nonexempt) with exterior (male/female). When those exterior categories pervade a wide range of social life outside organizations and appear in similar form within many organizations, they become the basis of durable inequality across the population at large. How that happens is the major question this book addresses.

Figure 6 summarizes the main causal relationships asserted by this argument. Exploitation and opportunity hoarding cause the installation of categorical boundaries within organizations, while emulation and adaptation reinforce those effects. Within the same organizations, the installation of boundaries directly promotes the categorically unequal distribution of rewards from the organization’s activities. Accumulated over time and multiple organizational settings, the operation of categorical boundaries means that members of different categories arrive in new settings with differential capacities and social ties. Those differential capacities and social ties produce different performances, which then generate unequal rewards in the new settings. Because participants in such systems not only emulate and adapt (i.e., ac-
incentive systems that are very different from the organizing of Indsco. The categories of inequality clusters, and incentive systems, other. They separate the major inequality clusters, and incentive systems, in the case of Indsco, into boundaries. The paired categories in organizations, in part from interaction within different systems, and in part from with crosscutting structures such as pro-
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Figure 6. Basic Causal Relationships in Categorical Inequality
quire established scripts and invest in local knowledge) but also create categorically differentiated beliefs, the arrangements perpetuate themselves in the absence of major boundary changes. Thus durable inequal-
ity prevails.

From the fundamental network configurations (chain, hierarchy, triad, organization, and categorical pair), a relational view of inequality singles out the conjunction of hierarchy and categories in the unequal categorical pair. Such pairs differ in the extent to which they are exterior or interior to a given organization. Over a whole population, the degree
of a given kind of categorical inequality depends heavily on the range and number of resource-rich organizations in which the same matched pair of unequal, exterior categories coincides with interior categories. The greater the concentration of a population's resources under the control of a certain kind of standardized organization or of particular organizations such as states, state churches, or dominant corporations, the more pervasive those organizations' categories in social life as a whole.

For convenience and familiarity, I have drawn most of my illustrations so far from the hierarchical, formal organizations of industrial capitalism. The arguments apply, however, wherever people bound social networks and assign power over boundary-crossing transactions to the occupants of certain positions within the network. The organizations in question include not only corporations and governments but also households, clans, plantations, guilds, revolutionary parties, religious sects, pirate crews, and peasant communes. When powerful people within all these sorts of organizations control valuable resources from which they can extract returns only by enlisting the effort of others outside their number, they commonly create or borrow the forms of categorical inequality.

If many resource-controlling organizations install the same pervasive categorical relation $X > Y$, the relation $X \leftrightarrow Y$ becomes a dominant basis of inequality over the entire population. The direct effects of categories matter greatly, as powerful sets of actors establish exploitative relationships across readily recognized boundaries. But where certain categorical differences prevail, their indirect effects also contribute greatly to the distribution of advantage and disadvantage in the population at large, as accumulated categorical experience carries over into systematic on-the-average differences in performance. Differences in performance then come to justify, reinforce, even create explicit categorical systems. Thus the spiral of categorical inequality spins on.