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4-1-1996

## Review of Persistent Inequalities: Wage Disparity under Capitalist Competition

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21 *Labor Studies Journal* (1996), 2 pages.

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## Book Reviews

*Edited by Roberta Till-Retz*

***Persistent Inequalities: Wage Disparity under Capitalist Competition.*** By Howard Botwinick. Princeton, NJ: Princeton University Press, 1993. 300 pp. \$45 cloth.

The comprehensive volume on wage labor that Marx at one time intended to include as part of *Das Kapital* Howard Botwinick's book may not be. But he has thought hard and deeply about the important and perennial conundrum of why workers of the same skill level receive vastly different wages depending on the industry or firm in which they are employed. Let readers be forewarned, however, that this rewarding book is a tightly reasoned analysis of several conceptually interlocking processes.

Its most significant contribution is the shift in paradigms that it effects. The author trenchantly criticizes orthodox and radical explanations of wage disparities, which are centered on monopoly profits and employer- or even employee-driven discriminatory preferences such as racism and sexism. Without denying the existence of these factors, Botwinick tries to show how wage differences can be generated by competition itself without resorting to the assumption that competition has been suppressed by "monopoly capitalism."

Of overriding significance in Botwinick's analysis is the impact on wage determination of the constant reshuffling of the conditions of production and productivity and of the resulting differential inter- and intra-industry profit rates. This process is also subject to the general limits on wages set by the accumulation of capital and the periodic recreation of the reserve army of the unemployed. The key links explain the leeway available to various industries for wage increases that will not eliminate the profits of each industry's "regulating capitals"—firms whose use of "the best practice

technique that is generally reproducible” enables them to regulate supply and thus to become “the center of gravity for price fluctuations” and to achieve the same profit rate as regulating capitals in other industries. These variables are the comparative levels of fixed capital investment, capital-output ratios, capital intensity, wages as a share of total costs, profitability, and the structure of intra-industry competition between regulating and sub-dominant capitals.

In its present form the book, which presupposes a familiarity with the history of economic theory, may be too academic for some trade unionists. Precisely because it offers such an unorthodox and provocative approach, which aims to provide a theoretical basis for progressive wage strategies that can identify the competitively established limits up against which unions could press their wage demands, it would be desirable if the author wrote a shorter and more accessible version for the labor movement. In such a popularization it would also be a major advance if the author substituted for the stylized numerical examples he uses here illustrative real-world data that would demonstrate the empirical plausibility of his approach.

Botwinick might, for example, try to explain why the compensation of unskilled automobile workers is six times higher than that of migrant farm workers. In order to be faithful to what is unique about his approach, he would have to deemphasize such obvious factors as the lack of unionization and the enormous excess of supply over demand in the agricultural labor market, which even non-Marxist economists recognize as controlling, and instead focus on the aforementioned variables, which he argues constitute a distinctively Marxist framework. Alternatively, the author would have to concede that some easy cases can be adequately explained without reference to his much more elegant and complex theory.

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