THE WAGE SYSTEM AND THE DISTRIBUTION OF POWER

Warren J. Samuels

Is there a viable alternative to the wage system as the mode of organizing and controlling the economic activity of the masses? The answer seems to be no. The critical issues involved in this question will be examined including what we know about them, and what is involved in any effort to work them out.¹

If one were to ask the question, what is the principal problem disclosed by the social sciences concerning labor?, it is likely there would be several different answers from economists and other social scientists of various persuasions and schools: 1) the need for efficiency in its use, 2) population pressure, 3) unstable employment, 4) its alienation (in Smithian or Marxian terms), 5) the unequal distribution of power and wealth, and so on. These answers are important and must not be considered wrong; certainly they are the most common answers to the question. There is, however, another answer as well: the importance of the opportunity to earn an income.

THE OPPORTUNITY TO EARN AN INCOME

Granted the relevance of private and governmental charitable arrangements, it nonetheless remains true that for most people the opportunity to enjoy life, to participate in organized life, perhaps to live, is conditioned on their opportunity to earn an income.


The author is a professor of economics at Michigan State University. He acknowledges the helpful comments and suggestions made on an earlier draft of this paper by Daniel Hamermesh, Allan Schmid, James D. Shaffer, Robert A. Solo and Stephen A. Woodbury.
income. Fundamentally, for most people this means the opportunity to work. From the social point of view, work, or the supply of labor, constitutes a resource, perhaps a commodity, in the process of production. From the individual point of view, work constitutes a mode of participating in social-economic processes and a principal means by which individuals define their identities and their circumstances. In each respect, work is the principal means by which people earn their incomes, which enables them to live as they choose. The wage system is the premier institutional arrangement for the social control of work and the opportunity to earn an income. This is true of both capitalist and socialist systems. Apropos of the latter, although nineteenth-century socialism was very much a response to and critique of the wage system, twentieth-century socialist systems rely on the wage system to organize and control labor and the earning of incomes by the masses. In modern economies, there seems to be no substitute for the wage system as the principal mode of opportunity for earning income. The problems of the wage system, then, are not peculiar to capitalism. The fundamental institutional reality is the existence in all modern economies of the wage system in which some people work for other people. Both the opportunity to earn income and the wage system under which it exists are problems because, first, each is a truly fundamental aspect of modern economies; and second, both manifest the phenomenon of certain people under the control if not domination of others.