A THEORY OF ETHNIC ANTAGONISM: THE SPLIT LABOR MARKET

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An important source of antagonism between ethnic groups is hypothesized to be a split labor market, i.e., one in which there is a large differential in price of labor for the same occupation. The price of labor is not a response to the race or ethnicity of those entering the labor market. A price differential results from differences in resources and motives which are often correlates of ethnicity. A split labor market produces a three-way conflict between business and the two labor groups, with business seeking to displace higher paid by cheaper labor. Ethnic antagonism can take two forms: exclusion movements and "caste" systems. Both are seen as victories for higher paid labor since they prevent undercutting.

Societies vary considerably in their degree of ethnic and racial antagonism. Such territories as Brazil, Mexico, and Hawaii are generally acknowledged to be relatively low on this dimension; while South Africa, Australia, and the United States are considered especially high. Literally hundreds of variables have been adduced to account for these differences, ranging from religions of dominant groups, to whether the groups who migrate are dominant or subordinate, to degrees of dif-
fere in skin color, to an irreducible “tradition” of ethnocentrism. While some writers have attempted to synthesize or systematize some subset of these (e.g. Lieberson, 1961; Mason, 1970; Noel, 1968; Schermerhorn, 1970; van den Berghe, 1966), one is generally struck by the absence of a developed theory accounting for variations in ethnic antagonism.

One approach to this problem is to consider an apparent anomaly, namely that ethnic antagonism has taken two major, seemingly antithetical forms: exclusion movements, and so-called caste systems. An example of the former is the “white Australia” policy; while South Africa’s color bar illustrates the latter. The United States has shown both forms, with a racial caste system in the South and exclusion of Asian and “new” immigrants from the Pacific and eastern seaboards respectively. Apart from manifesting antagonism between ethnic elements, exclusion and caste seem to have little in common. In the one, an effort is made to prevent an ethnically different group from being part of the society. In the other, an ethnically different group is essential to the society: it is an exploited class supporting the entire edifice. The deep south felt it could not survive without its black people; the Pacific coast could not survive with its Japanese. This puzzle may be used as a touchstone for solving the general problem of ethnic antagonism, for to be adequate a theory must be able to explain it.

The theory presented here is, in part, a synthesis of some of the ideas used by Oliver Cox to explain the Japanese-white conflict on the U.S. Pacific coast (Cox, 1948:408–22), and by Marvin Harris to analyze the difference between Brazil and the deep south in rigidity of the “color line” (Harris, 1964:79–94). It stresses the role of a certain kind of economic competition in the development of ethnic antagonism. Economic factors have, of course, not gone unnoticed, though until recently sociological literature has tended to point them out briefly, then move on to more “irrational” factors (even such works as The Economics of Discrimination, Becker, 1957). A resurgence of Marxian analysis (e.g. Blauner, 1969; Reich, 1971) has thrust economic considerations to the fore, but I shall argue that even this approach cannot adequately deal with the problem posed by exclusion movements and caste systems. In addition, both Marxist and non-Marxist writers assume that racial and cultural differences in themselves prompt the development of ethnic antagonism. This theory challenges that assumption, suggesting that economic processes are more fundamental.

No effort is made to prove the accuracy of the following model. Such proof depends on a lengthier exposition. Historical illustrations are presented to support it.

**Ethnic Antagonism**

“Ethnic” rather than “racial” antagonism was selected as the dependent variable because the former is seen to subsume the latter. Both terms refer to groups defined socially as sharing a common ancestry in which membership is therefore inherited or ascribed, whether or not members are currently physically or culturally distinctive. The difference between race and ethnicity lies in the size of the locale from which a group stems, races generally coming from continents, and ethnicities from national sub-sections of continents. In the past the term “race” has been used to refer to both levels, but general usage today has reversed this practice (e.g. Schermerhorn, 1970; Shibutani and Kwan, 1965). Ethnicity has become the generic term.

Another reason for choosing this term is that exclusion attempts and caste-like ar-
rangements are found among national groupings within a racial category. For example, in 1924 whites (Europeans) attempted to exclude whites of different national backgrounds from the United States by setting up stringent immigration quotas.

The term "antagonism" is intended to encompass all levels of intergroup conflict, including ideologies and beliefs (such as racism and prejudice), behaviors (such as discrimination, Lynchings, riots), and institutions (such as laws perpetuating segregation). Exclusion movements and caste systems may be seen as the culmination of many pronouncements, actions, and enactments, and are continuously supported by more of the same. "Antagonism" was chosen over terms like prejudice and discrimination because it carries fewer moralistic and theoretical assumptions (see Schermerhorn, 1970:6–9). For example, both of these terms see conflict as emanating primarily from one side: the dominant group. Antagonism allows for the possibility that conflict is mutual; i.e. a product of interaction.

The Split Labor Market

The central hypothesis is that ethnic antagonism first germinates in a labor market split along ethnic lines. To be split, a labor market must contain at least two groups of workers whose price of labor differs for the same work, or would differ if they did the same work. The concept "price of labor" refers to labor's total cost to the employer, including not only wages, but the cost of recruitment, transportation, room and board, education, health care (if the employer must bear these), and the costs of labor unrest. The degree of worker "freedom" does not interfere with this calculus; the cost of a slave can be estimated in the same monetary units as that of a wage earner, from his purchase price, living expenses, policing requirements, and so on.

The price of a group of workers can be roughly calculated in advance and comparisons made even though two groups are not engaged in the same activity at the same time. Thus in 1841 in the colony of New South Wales, the Legislative Council's Committee on Immigration estimated the relative costs of recruiting three groups of laborers to become shepherds. Table 1 shows their findings. The estimate of free white labor, for example, was based on what it would take to attract these men from competing activities.

Factors Affecting the Initial Price of Labor

Labor markets that are split by the entrance of a new group develop a dynamic which may in turn affect the price of labor. One must therefore distinguish initial from later price determinants. The initial factors can be divided into two broad categories: resources and motives.

1. Resources

Three types of resources are important price determinants. These are:

a. Level of Living, or Economic Resources—The ethnic groups forming the labor market in a contact situation derive from different economic systems, either abroad or within a conquered territory. For members of an ethnic group to be drawn into moving, they must at least raise their wage level. In general, the poorer the economy of the recruits, the less the inducement needed for them to enter the new labor market. Crushing poverty may drive them to sell their labor relatively cheaply. For example, Lind (1968:199) describes the effect of the living level on the wage scale received by immigrant workers to Hawaii:

In every case [of labor importations] the superior opportunities for gaining a liveli-

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<tr>
<th>Table 1. Estimated Cost of Three Types of Labor to Be Shepherds in New South Wales, 1841*</th>
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<td><strong>Free Man</strong> (White)</td>
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*From Yarwood (1968:13).
hood have been broadcast in regions of surplus manpower, transportation facilities have been provided, and finally a monetary return larger than that already received has been offered to the prospective laborer. The monetary inducement has varied considerably, chiefly according to the plane of living of the population being recruited, and the cheapest available labor markets have, of course, been most extensively drawn upon.

Workers need not accept the original wage agreement for long after they have immigrated, since other opportunities may exist; for instance, there may be ample, cheap land available for individual farming. One capitalist device for keeping wages low at least for a time is to bind immigrants to contracts before they leave the old economy. The Indian indenture system, for example, rested on such an arrangement (Gillon, 1962:19–38).

b. Information—Immigrants may be pushed into signing contracts out of ignorance. They may agree to a specific wage in their homeland not knowing the prevailing wage in the new country, or having been beguiled by a false account of life and opportunity there. Williams (1944:11), for example, describes some of the false promises made to draw British and Germans as workers to West Indian sugar plantations before the advent of African slavery. Chinese labor to Australia was similarly “obtained under ‘false and specious pretences’” (Willard, 1967:9).

The possibilities for defrauding a population lacking access to the truth are obvious. In general, the more people know about conditions obtaining in the labor market to which they are moving, the better can they protect themselves against disadvantageous wage agreements.

c. Political Resources—By political resources I mean the benefits to a group of organizing. Organization can exist at the level of labor, or it can occur at higher levels, for example, in a government that protects them. These levels are generally related in that a strong government can help organize its emigrants. There are exceptions, however: strong emergent governments tend not to extend protection to their deported convicts or political exiles; and some highly organized groups, like the Jews in the United States, have not received protection from the old country.

Governments vary in the degree to which they protect their emigrants. Japan kept close watch over the fate of her nationals who migrated to Hawaii and the Pacific coast; and the British colonial government in India tried to guard against abuses of the indenture system (for example, by refusing to permit Natal to import Indian workers for their sugar plantations until satisfactory terms had been agreed to; cf. Ferguson-Davie, 1952:4–10). In contrast Mexican migrant workers to the United States have received little protection from their government, and African states were unable to intervene on behalf of slaves brought to America. Often the indigenous populations of colonized territories have been politically weak following conquest. Thus African nations in South Africa have been unable to protect their migrant workers in the cities.

In general, the weaker a group politically, the more vulnerable it is to the use of force, hence to an unfavorable wage bargain (or to no wage bargain at all, as with slavery). The price of a labor group varies inversely with the amount of force that can be used against it, which in turn depends on its political resources.

2. Motives

Two motives affect the price of labor, both related to the worker’s intention of not remaining permanently in the labor force. Temporary workers tend to cost less than permanent workers for two reasons. First, they are more willing to put up with undesirable work conditions since these need not be endured forever. If they are migrants, this tolerance may extend to the general standard of living. Often migrant temporary workers are males who have left the comforts of home behind and whose employers need not bear the cost of housing and educating their families. Even when families accompany them, such workers tend to be willing to accept a lower standard of living since it is only short term.

Second, temporary workers avoid involvement in lengthy labor disputes. Since they will be in the labor market a short
while, their main concern is immediate employment. They may be willing to undercut wage standards if need be to get a job, and are therefore ripe candidates for strike-breaking. Permanent workers also stand to lose from lengthy conflict, but they hope for benefits to their progeny. If temporary workers are from elsewhere, they have no such interest in future business-labor relations. Altogether, temporary workers have little reason to join the organizations and unions of a permanent work force, and tend not to do so.

a. Fixed or Supplementary Income Goal—Some temporary workers enter the market either to supplement family income, or to work toward a specific purchase. The worker's standard of living does not, therefore, depend on his earnings on the job in question, since his central source of employment or income lies elsewhere. Examples of this phenomenon are to be found throughout Africa:

... the characteristic feature of the labor market in most of Africa has always been the massive circulation of Africans between their villages and paid employment outside. In some places villagers engage in wage-earning seasonally. More commonly today they work for continuous though short-term periods of roughly one to three years, after which they return to the villages. ... the African villager, the potential migrant into paid employment, has a relatively low, clearly-defined and rigid income goal; he wants money to pay head and hut taxes, to make marriage payments required of prospective bridegrooms, or to purchase some specific consumer durable (a bicycle, a rifle, a sewing machine, a given quantity of clothing or textiles, etc.) (Berg, 1966:116–8).

Such a motive produces the "backward-sloping labor supply function" characteristic of many native peoples in colonized territories. In addition to the general depressing effects on wages of being temporary, this motive leads to a fairly rapid turnover in personnel, making organization more difficult and hindering the development of valuable skills which could be used for bargaining. If wages were to rise, workers would reach their desired income and withdraw more quickly from the market, thereby lessening their chances of developing the political resources necessary to raise their wages further.

b. Fortune Seeking—Many groups, commonly called sojourners (see Siu, 1952), migrate long distances to seek their fortune, with the ultimate intention of improving their position in their homeland. Such was the case with Japanese immigrants on the west coast and Italian immigrants in the east. Such workers stay longer in the labor market, and can develop political resources. However, since they are temporary they have little incentive to join the organizations of the settled population. Instead they tend to create competing organizations composed of people who will play a part in their future in the homeland, i.e. members of the same ethnic group.

Sojourner laborers have at least three features which affect the price of labor: lower wages, longer hours, and convenience to the employer. The Japanese show all three. Millis (1915:45) cites the U.S. Immigration Commission on the question of relative wages:

The Japanese have usually worked for a lower wage than the members of any other race save the Chinese and the Mexican. In the salmon canneries the Chinese have been paid higher wages than the Japanese engaged in the same occupations. In the lumber industry, all races, including the East Indian, have been paid higher wages than the Japanese doing the same kind of work. As section hands and laborers in railway shops they have been paid as much or more than the Mexicans, but as a rule less than the white men of many races.

And so on. The lower wage level of Japanese workers reflects both a lower standard of living, and a desire to get a foothold in the labor market. As Iwata (1962:27) puts it: "Their willingness to accept even lower wages than laborers of other races enabled the Japanese to secure employment readily."

Millis (1915:155) describes a basket factory in Florin, California, where Japanese workers had displaced white female workers because the latter were unwilling to work more than ten hours a day or on weekends. The Japanese, anxious to return to Japan as quickly as possible, were willing to work twelve to fourteen hours per day and on weekends, thereby saving their employers the costs of a special overtime work force.

The Japanese immigrants developed po-
litical resources through a high degree of community organization. This could be used for the convenience of the employer, by solving his recruitment problems, seeing that work got done, and providing workers with board and lodging. In the case of seasonal labor, the Japanese community could provide for members during the off-season by various boarding arrangements and clubs, and by transporting labor to areas of demand (Ichihashi, 1932:172–6; Millis, 1915:44–5). These conveniences saved the employer money.4

As the reader may have noted, I have omitted a factor usually considered vital in determining the price of labor, i.e. differences in skills. I would contend, however, that this does not in itself lead to that difference in price for the same work which distinguishes a split labor market. While a skilled worker may be able to get a higher paying job, an unskilled laborer of another ethnicity may be trained to fill that job for the same wage. Skills are only indirectly important in that they can be used to develop political resources, which in turn may lead to a difference in wage level for the same work.

Price of Labor and Ethnicity

Ethnic differences need not always produce a price differential. Thus, if several ethnic groups who are approximately equal in resources and/or goals enter the same economic system, a split labor market will not develop. Alternatively, in a two-group contact situation, if one ethnic group occupies the position of a business elite and has no members in the labor force (or in a class that could easily be pushed into the labor force, e.g. low-capital farmers) then regardless of the other group’s price, the labor market will not be split. This statement is a generalization of the point made by Harris (1964) that the critical difference in race relations between the deep south and Brazil was that the former had

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4 Sojourners often use their political resources and low price of labor to enter business for themselves (a process which will be fully analyzed in another paper). This does not remove the split in the labor market, though it makes the conflict more complex.

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a white yeomanry in direct competition with ex-slaves, while the Portuguese only occupied the role of a business elite (plantation owners).

Conversely, a split labor force does not only stem from ethnic differences. For example, prison and female labor have often been cheaper than free male labor in western societies. Prison labor has been cheap because prisoners lack political resources, while women often labor for supplementary incomes cf. Hutchinson, 1968: 59–61; Heneman and Yoder, 1965:543–4).

That initial price discrepancies in labor should ever fall along ethnic lines is a function of two forces. First, the original wage agreement arrived at between business and new labor often takes place in the labor group’s point of origin. This is more obviously a feature of immigrant labor, but also occurs within a territory when conquered peoples enter their conquerors’ economy. In other words, the wage agreement is often concluded within a national context, these nationalities coming to comprise the ethnic elements of the new labor market. One would thus expect the initial wages of co-nationals to be similar.

Second, nations or peoples that have lived relatively separately from one another are likely to have developed different employment motives and levels of resources (wealth, organization, communication channels.) In other words, the factors that affect the price of labor are likely to differ grossly between nations, even though there may be considerable variation within each nation, and overlap between nations. Color differences in the initial price of labor only seem to be a factor because resources have historically been roughly correlated with color around the world.5 When color and resources are not correlated in the “ex-

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5 It is, of course, no accident that color and resources have been historically related. Poverty among non-white nations has in part resulted from European imperialism. Nevertheless, I would argue that the critical factor in the development of ethnic segmentation in a country is the meeting that occurs in the labor market of that country. The larger economic forces help determine the resources of entering parties, but it is not such forces to which workers respond. Rather they react to the immediate conflicts and threats in their daily lives.
pected” way, then I would predict that price follows resources and motives rather than color.

In sum, the prejudices of business do not determine the price of labor, darker skinned or culturally different persons being paid less because of them. Rather, business tries to pay as little as possible for labor, regardless of ethnicity, and is held in check by the resources and motives of labor groups. Since these often vary by ethnicity, it is common to find ethnically split labor markets.

The Dynamics of Split Labor Markets

In split labor markets, conflict develops between three key classes: business, higher paid labor, and cheaper labor. The chief interests of these classes are as follows:

1. Business or Employers—This class aims at having as cheap and docile a labor force as possible to compete effectively with other businesses. If labor costs are too high (owing to such price determinants as unions), employers may turn to cheaper sources, importing overseas groups or using indigenous conquered populations. In the colony of Queensland in Australia, for example, it was believed that cotton farming would be the most suitable economic enterprise:

   However, such plantations (being too large) could not be worked, much less cleared, by their owners; neither could the work be done by European laborers because sufficient numbers of these were not available—while even had there been an adequate supply, the high rates of wages would have been prohibitive. This was a consideration which assumed vast importance when it was realized that cotton would have to be cultivated in Queensland at a considerably lower cost than in the United States in order to compensate for the heavier freights from Queensland—the more distant country from England. It seemed then that there was no possibility of successful competition with America unless the importation of some form of cheap labor was permitted (Moles, 1968:41).

Cheaper labor may be used to create a new industry having substantially lower labor costs than the rest of the labor market, as in Queensland. Or they may be used as strikebreakers or replacements to undercut a labor force trying to improve its bargaining position with business. If cheap labor is unavailable, business may turn to mechanization, or try to relocate firms in areas of the world where the price of labor is lower.

2. Higher Paid Labor—This class is very threatened by the introduction of cheaper labor into the market, fearing that it will either force them to leave the territory or reduce them to its level. If the labor market is split ethnically, the class antagonism takes the form of ethnic antagonism. It is my contention (following Cox, 1948:411n) that, while much rhetoric of ethnic antagonism concentrates on ethnicity and race, it really in large measure (though probably not entirely) expresses this class conflict.

The group comprising higher paid labor may have two components. First, it may include current employees demanding a greater share of the profits or trying to maintain their position in the face of possible cuts. A second element is the small, independent, entrepreneur, like the subsistence farmer or individual miner. The introduction of cheaper labor into these peoples’ line can undermine their position, since the employer of cheaper labor can produce at lower cost. The independent operator is then driven into the labor market. The following sequence occurs in many colonies: settlement by farmers who work their own land, the introduction of intensive farming using cheaper labor, a rise in land value and a consequent displacement of independent farmers. The displaced class may move on (as occurred in many of the West Indies when African slave labor was introduced to raise sugar), but if it remains, it comes to play the role of higher paid labor.

The presence of cheaper labor in areas of the economy where higher paid labor is not currently employed is also threatening to the latter, since the former attract older industries. The importance of potential competition cannot be overstressed. Often times writers assert the irrationality of ethnic antagonism when direct economic competition is not yet in evidence owing to few competitors having entered the labor market, or to competitors having concentrated in a few industries. Thus Daniels (1966:29) belittles the role of trade unions in the Asiatic Exclusion League by describ-
ing one of the major contributors as "an organization whose members, like most trade unionists in California, were never faced with job competition from Japanese." It does not take direct competition for members of a higher priced labor group to see the possible threat to their well-being, and to try to prevent its materializing. If they have reason to believe many more low-priced workers are likely to follow an initial "insignificant trickle" (as Daniels, 1966:1, describes the Japanese immigration, failing to mention that it was insignificant precisely because a larger anticipated flow had been thwarted, and diverted to Brazil), or if they see a large concentration of cheaper labor in a few industries which could easily be used to undercut them in their own, they will attempt to forestall undercutting.

Lest you think this fear misguided, take note that, when business could override the interests of more expensive labor, the latter have indeed been displaced or undercut. In British Guiana the local labor force, composed mainly of African ex-slaves, called a series of strikes in 1842 and 1847 against planters' attempts to reduce their wages. Plantation owners responded by using public funds to import over 50,000 cheaper East Indian indentured workers (Despres, 1969). A similar situation obtained in Mississippi, where Chinese were brought in to undercut freed blacks. Loewen (1971:23) describes the thinking of white landowners: "the 'Chinaman' would not only himself supply a cheaper and less troublesome work force but in addition his presence as a threatening alternative would intimidate the Negro into resuming his former docile behavior." Such displacement has occurred not only to non-white more expensive labor, but, as the effects of slavery in the West Indies show, to whites by white capitalists.

3. Cheaper Labor—The employer uses this class partly to undermine the position of more expensive labor, through strikebreaking and undercutting. The forces that make the cheaper group cost less permit this to occur. In other words, either they lack the resources to resist an offer or use of force by business, or they seek a quick return to another economic and social base.

With the possible exception of sojourners, cheaper labor does not intentionally undermine more expensive labor; it is paradoxically its weakness that makes it so threatening, for business can more thoroughly control it. Cox makes this point (1948:417–8) in analyzing why Pacific coast white and Asian workers could not unite in a coalition against business:

...the first generation of Asiatic workers is ordinarily very much under the control of labor contractors and employers, hence it is easier for the employer to frustrate any plans for their organization. Clearly this cultural bar helped antagonize white workers against the Asiatics. The latter were conceived of as being in alliance with the employer. It would probably have taken two or three generations before, say, the East Indian low-caste worker on the Coast became sufficiently Americanized to adjust easily to the policies and aims of organized labor.

Ethnic antagonism is specifically produced by the competition that arises from a price differential. An oversupply of equal-priced labor does not produce such antagonism, though it too threatens people with the loss of their job. However, hiring practices will not necessarily fall along ethnic lines, there being no advantage to the employer in hiring workers of one or another ethnicity. All workingmen are on the same footing, competing for scarce jobs (cf. Blalock, 1967:84–92, who uses this model of labor competition). When one ethnic group is decidedly cheaper than another (i.e. when the labor market is split) the higher paid worker faces more than the loss of his job; he faces the possibility that the wage standard in all jobs will be undermined by cheaper labor.

Victory for More Expensive Labor

If an expensive labor group is strong enough (strength generally depending on the same factors that influence price), they may be able to resist being displaced. Both exclusion and caste systems represent such victories for higher paid labor.

1. Exclusion—Exclusion movements generally occur when the majority of a cheaper labor group resides outside a given territory but desires to enter it (often at the request of business groups). The exclusion move-
ment tries to prevent the physical presence of cheaper labor in the employment area, thereby preserving a non-split, higher priced labor market.

There are many examples of exclusion attempts around the world. In Australia, for instance, a group of white workers was able to prevent capitalists from importing cheaper labor from India, China, Japan and the Pacific Islands. Attempts at importation were met with strikes, boycotts, petitions and deputations (Willard, 1967:51–7). Ultimately, organized white labor pressed for strong exclusion measures, and vigilantly ensured their enforcement. As Yarwood (1964:151–2) puts it: “A comparison of the records of various governments during our period [1896–1923] leaves no doubt as to the special role of the Labour Party as the guardian of the ports.” In other words, a white Australia policy (i.e. the exclusion of Asian and Polynesian immigrants) appears to have sprung from a conflict of interests between employers who wanted to import cheap labor, and a labor force sufficiently organized to ward off such a move.

California’s treatment of Chinese and Japanese labor is another example of exclusion. A socialist, Cameron H. King, Jr., articulates the threatened labor group’s position:

Unskilled labor has felt this competition [from the Japanese] for some time being compelled to relinquish job after job to the low standard of living it could not endure. The unskilled laborers are largely unorganized and voiceless. But as the tide rises it is reaching the skilled laborers and the small merchants. These are neither unorganized nor voiceless, and viewing the menace to their livelihood they loudly demand protection of their material interests. We of the Pacific Coast certainly know that exclusion is an effective solution. In the seventh decade of the nineteenth century the problem arose of the immigration of Chinese laborers. The Republican and Democratic parties failed to give heed to the necessities of the situation and the Workingman’s party arose and swept the state with the campaign cry of “The Chinese must go.” Then the two old parties woke up and have since realized that to hold the labor vote they must stand for Asiatic exclusion (King 1908:665–6).

King wrote this around the time of the Gentlemen’s Agreement, an arrangement of the U.S. and Japanese governments to prevent further immigration of Japanese labor to the Pacific Coast (Bailey, 1934). The Agreement was aimed specifically at labor and not other Japanese immigrants, suggesting that economic and not racial factors were at issue.

Exclusion movements clearly serve the interests of higher paid labor. Its standards are protected, while the capitalist class is deprived of cheaper labor.

2. Caste—If cheaper labor is present in the market, and cannot be excluded, then higher paid labor will resort to a caste arrangement, which depends on exclusiveness rather than exclusion. Caste is essentially an aristocracy of labor (a term borrowed from Lenin, e.g. 1964), in which higher paid labor deals with the undercutting potential of cheaper labor by excluding them from certain types of work. The higher paid group controls certain jobs exclusively and gets paid at one scale of wages, while the cheaper group is restricted to another set of jobs and is paid at a lower scale. The labor market split is submerged because the differentially priced workers ideally never occupy the same position.

Ethnically distinct cheaper groups (as opposed to women, for example, who face a caste arrangement in many Western societies) may reside in a territory for two reasons: either they were indigenous or they were imported early in capitalist-labor relations, when the higher paid group could not prevent the move. Two outstanding examples of labor aristocracies based on ethnicity are South Africa, where cheaper labor was primarily indigenous, and the U.S. south, where they were imported as slaves.

Unlike exclusion movements, caste systems retain the underlying reality of a price differential, for if a member of the subordinate group were to occupy the same position as a member of the stronger labor group he would be paid less. Hence, caste systems tend to become rigid and vigilant, developing an elaborate battery of laws, customs and beliefs aimed to prevent undercutting. The victory has three facets. First, the higher paid group tries to ensure its power in relation to business by monopolizing the acquisition of certain essential skills.
thereby ensuring the effectiveness of strike action, or by controlling such important resources as purchasing power. Second, it tries to prevent the immediate use of cheaper labor as undercutters and strike-breakers by denying them access to general education thereby making their training as quick replacements more difficult, or by ensuring through such devices as "influx control" that the cheaper group will retain a base in their traditional economies. The latter move ensures a backward-sloping labor supply function (cf. Berg, 1966) undesirable to business. Third, it tries to weaken the cheaper group politically, to prevent their pushing for those resources that would make them useful as undercutters. In other words, the solution to the devastating potential of weak, cheap labor is, paradoxically, to weaken them further, until it is no longer in business' immediate interest to use them as replacements.

South Africa is perhaps the most extreme modern example of an ethnic caste system. A split labor market first appeared there in the mining industry. With the discovery of diamonds in 1869, a white working class emerged. At first individual whites did the searching, but, as with the displacement of small farms by plantations, they were displaced by consolidated, high-capital operations, and became employees of the latter (Doxey, 1961:18). It was this class together with imported skilled miners from Cornwall (lured to Africa by high wages) which fought the capitalists over the use of African labor. Africans were cheaper because they came to the mines with a fixed income goal (e.g. the price of a rifle) and did not view the mines as their main source of livelihood. By contrast, European workers remained in the mines and developed organizations to further their interests.

Clearly, it would have been to the advantage of businessmen, once they knew the skills involved, to train Africans to replace the white miners at a fraction of the cost; but this did not happen. The mining companies accepted a labor aristocracy, not out of ethnic solidarity with the white workers but:

(as was to be the case throughout the later history of mining) they had little or no choice because of the collective strength of the white miners. . . . The pattern which was to emerge was that of the Europeans showing every sign of preparedness to use their collective strength to ensure their exclusive supremacy in the labour market. Gradually the concept of trade unionism, and, for that matter, of socialism, became accepted in the minds of the European artisans as the means of maintaining their own position against non-white inroads (Doxey, 1961:23–4).

The final showdown between mine owners and white workers occurred in the 1920's when the owners tried to substitute cheaper non-white labor for white labor in certain semi-skilled occupations. This move precipitated the "Rand Revolt," a general strike of white workers on the Witwatersrand, countered by the calling in of troops and the declaration of martial law. The result was a coalition between Afrikaner nationalists (predominantly workers and small-scale farmers being pushed off the land by larger, British owned farms) and the English-speaking Labor Party (Van der Horst, 1965:117–8). The Revolt "showed the lengths to which white labour was prepared to go to defend its privileged position. From that time on, mine managements have never directly challenged the colour-bar in the mining industry" (Van der Horst, 1965:118).

The legislative history of much of South Africa (and of the post-bellum deep south) consists in attempts by higher priced white labor to ward off undercutting by cheaper groups, and to entrench its exclusive control of certain jobs.7
THEORY OF ETHNIC ANTAGONISM

557

This interpretation of caste contrasts with the Marxist argument that the capitalist class purposefully plays off one segment of the working class against the other (e.g. Reich, 1971). Business, I would contend, rather than desiring to protect a segment of the working class supports a liberal or laissez faire ideology that would permit all workers to compete freely in an open market. Such open competition would displace higher paid labor. Only under duress does business yield to labor aristocracy, a point made in Deep South, a book written when the depression had caused the displacement of white tenant farmers and industrial workers by blacks:

The economic interests of these groups [employers] would also demand that cheaper colored labor should be employed in the "white collar" jobs in business offices, governmental offices, stores, and banks. In this field, however, the interests of the employer group conflict not only with those of the lower economic group of whites but also with those of the more literate and aggressive middle group of whites. A white store which employed colored clerks, for example, would be boycotted by both these groups. The taboo upon the employment of colored workers in such fields is the result of the political and purchasing power of the white middle and lower groups (Davis, et. al., 1941:480).

In sum, exclusion and caste are similar reactions to a split labor market. They represent victories for higher paid labor. The victory of exclusion is more complete in that cheaper labor is less available to business. For this reason I would hypothesize that a higher paid group prefers exclusion to caste, even though exclusion means they have to do the dirty work. Evidence for this comes from Australia where, in early attempts to import Asian labor, business tried to buy off white labor's opposition by offering to form them into a class of "mechanics" and foremen over the "coolies" (Yarwood, 1968:16, 42). The offer was heartily rejected in favor of exclusion. Apartheid in South Africa can be seen as an attempt to move from caste to the exclusion of the African work force.

Most of our examples have contained a white capitalist class, a higher paid white labor group, and a cheaper, non-white labor group. Conditions in Europe and around the world, and not skin color, yield such models. White capitalists would gladly dispense with and undercut their white working-class brethren if they could, and have done so whenever they had the opportunity. In the words of one agitator for excluding Chinese from the U.S. Pacific coast: "I have seen men ... American born, who certainly would, if I may use a strong expression, employ devils from Hell if the devils would work for 25 cents less than a white man" (cited in Daniels and Kitano, 1970:43).

In addition, cases have occurred of white workers playing the role of cheap labor, and facing the same kind of ethnic antagonism as non-white workers. Consider the riots against Italian strikebreakers in the coal fields of Pennsylvania in 1874. (Higham, 1965:47–8). In the words of one writer: "Unions resented the apparently inexhaustible cheap and relatively docile labor supply which was streaming from Europe obviously for the benefit of their employers" (Wittke, 1953:10).

Even when no ethnic differences exist, split labor markets may produce ethnic-like antagonism. Carey McWilliams (1945: 82–3) describes an instance:

During the depression years, "Old Stock"—that is, white, Protestant, anglo-Saxon Americans, from Oklahoma, Arkansas, and Texas—were roundly denounced in California as "interlopers." The same charges were made against them that were made against the Japanese: they were "dirty;" they had "enormous families"; they engaged in unfair competition; they threatened to "invade" the state and to "undermine" its institutions. During these turgid years (1930–1938) California attempted to exclude, by various extra-legal devices, those yeoman farmers just as it had excluded the Chinese and Japanese. "Okies" were "inferior" and "immoral." There was much family discord when Okie girl met California boy, and vice versa. . . . The prejudice against the Okies was obviously not "race" prejudice; yet it functioned in much the same manner.

Conclusion

Obviously, this type of three-way conflict is not the only important factor in
This theory helps elucidate other observations. One is the underlying similarity in the situation of blacks and women. Another is the history of political sympathy between California and the South. And, a third is the conservatism of the American white working class, or what Daniels and Kitano (1970:45) consider to be an "essential paradox of American life: [that] movements for economic democracy have usually been violently opposed to a thorough-going ethnic democracy." Without having to resort to psychological constructs like "authoritarianism," this theory is able to explain the apparent paradox.

In sum, in comparing those countries with the most ethnic antagonism with those having the least, it is evident that the difference does not lie in the fact that the former are Protestant and the latter Catholic: Protestants are found in all three of Mason's types, and Hawaii is a Protestant dominated territory. It does not lie in whether the dominant or subordinate group moves: South Africa and the deep south show opposite patterns of movement. It is evident that some of the most antagonistic territories have been British colonies, but not all British colonies have had this attribute. The characteristic that those British colonies and other societies high on ethnic antagonism share is that they all have a powerful white, or more generally higher paid working class.

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THEORY OF ETHNIC ANTAGONISM 559

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