

## CHAPTER 2: CLASS, INCOME, AND WEALTH

### Multiple Choice:

1. American researchers traditionally have conceptualized social class as: (p. 15)
  - a. unidimensional in nature.
  - b. groups in conflict with each other.
  - c. very different from “socioeconomic statuses.”
  - d. existing on a continuum with indistinct boundaries between classes.**
2. The Marxian view considers social classes as: (pp. 17-18)
  - a. defined by their relationship to one another.**
  - b. being determined by income and occupation.
  - c. much more multidimensional than the traditional view.
  - d. inevitably remaining categories, rather than ever becoming groups.
3. Which of the following is NOT correct? (pp. 20-22)
  - a. While economic changes affect inequality, so do government policies.
  - b. Higher unemployment tends to result in less pressure for increased wages.
  - c. An inability to penetrate foreign markets leads to lower wealth for stockholders.
  - d. While technological developments can affect the structure of inequality, cultural values do not.**
4. The term *underclass* is frequently used to refer to those: (p. 16)
  - a. that are poor but still work.
  - b. that work but are underpaid compared to their skill set .
  - c. that are unemployed and poor for long periods of time.**
  - d. those on welfare.
5. According to Gilbert’s (2003) class model, the majority of the population falls into the: (p. 16)
  - a. middle and working class.**
  - b. underclass.
  - c. upper class.
  - d. capitalist class.
6. The routine nature of much low-level white-collar work has caused some analysts to categorize these workers as: (p. 16)
  - a. middle class.
  - b. working class.**
  - c. lower class.
  - d. underclass.
7. The proletarianization argument states that an increasing number of white-collar jobs are: (p. 16)
  - a. routine, boring, and demand little skill.
  - b. are no different from many blue-collar jobs.
  - c. involve little worker control.
  - d. all of the above**
8. Examination of occupational shifts during the 1990s suggests that changes have occurred throughout the economy, resulting in: (p. 17)
  - a. the decrease of high-tech jobs.
  - b. an increase in low-paying service jobs.**
  - c. the increase of unionized, high-paying manufacturing jobs.
  - d. all of the above

9. Which of the following is NOT a true statement regarding the economic crisis in Asia in the 1990s? (p. 21)
- The currencies were devalued.
  - Prices of their goods dropped.
  - Importation of goods into the U.S. became more attractive.
  - none of the above**
10. Advances in computer technologies and the growth of the Internet have: (p. 22)
- narrowed the gap between classes and races.
  - made employees more loyal to their employers.
  - blurred the line separating home and workplace.**
  - limited recruitment of employees from different geographic areas.
11. According to Gilbert, which portion of the U.S. population comprises the capitalist class? (p. 15)
- 1 percent**
  - 5 percent
  - 10 percent
  - 15 percent
12. Survey data indicates that most Americans see themselves as: (p. 14)
- upper class.
  - middle class or working class.**
  - working poor.
  - being affiliated with no particular class.
13. The embourgeoisement thesis states that: (p. 17)
- white-collar workers make up a “new working class.”
  - much white-collar work has become routine and deskilled.
  - the size of the blue-collar work force has increased dramatically.
  - those in complex, high-paying blue-collar jobs take on middle-class characteristics.**
14. Sociologists today generally employ two basic measures to estimate the degree of economic inequality within U.S. society. These are: (pp. 15-17)
- race and class.
  - income and wealth.**
  - occupation and education.
  - computer and Internet access.
15. Resnick and Wolff contend that the U.S. class structure can be centrally defined on the basis of: (p. 20)
- occupational prestige.
  - socioeconomic status.
  - role relative to surplus value.**
  - lifestyle and consumption patterns.
16. Erik Wright argues that: (p. 18)
- workers comprise less than 25 percent of the class structure.
  - career path has little to do with determining one’s class position.
  - an adult’s class position can be determined independently of a family’s class position.
  - those who do not own the firms they manage occupy a contradictory location in the U.S. class structure.**
17. Upper-class Americans are more likely to see class differences as essentially reflecting \_\_\_\_\_, whereas those in the lower reaches of the class structure are more likely to see class distinctions between themselves and the affluent as being based on \_\_\_\_\_. (p. 14)
- lifestyle / money**

- b. wealth / status symbols
  - c. deservingness / exploitation
  - d. educational attainment / occupational attainment
18. Data on income distribution shows that: (pp. 23-24)
- a. most Black and Hispanic households have incomes below the poverty line.
  - b. **the percentage of households with incomes of at least \$100,000 increased markedly from 1980 to 2009.**
  - c. the percentage of households with incomes below \$15,000 increased significantly over the last three decades.
  - d. households headed solely by adult males have significantly higher incomes than those headed jointly by married couples .
19. Among the factors that appear to be related to a rise in income inequality is (are): (p. 26)
- a. increasing unionization.
  - b. **changes in the occupational structure.**
  - c. lower unemployment rates.
  - d. an increase in the minimum wage.
20. Since the early 1980s: (p. 29)
- a. wealth concentration actually decreased.
  - b. most of the gains in wealth have gone to the middle class.
  - c. the percentage of those with negative or zero wealth has declined.
  - d. **the top 20% gained a disproportionate amount of all new wealth in the U.S.**
21. According to Ollman's (1987) approach, people become a real social class when they: (p. 18)
- a. **acquire a common culture and political awareness.**
  - b. overthrow the capitalist class.
  - c. organize labor unions.
  - d. none of the above
22. Which of the following is NOT a true statement regarding the economic crisis in Asia in the 1990s? (p. 21)
- a. The currencies were devalued.
  - b. Prices of their goods dropped.
  - c. Importation of goods into the U.S. became more attractive.
  - d. **none of the above**
23. Downsizing, lean production, and the exportation of jobs to cheaper foreign labor markets have been primary ways used by: (p. 21)
- a. foreign governments to ensure that they are able to pay their workers fairly.
  - b. **U.S. manufacturers to reduce costs and respond to foreign competition.**
  - c. multinational corporations to provide more benefits to employees.
  - d. U.S. corporations to increase employee satisfaction.
24. A consequence of penetration of U.S. firms into foreign countries is: (p. 21)
- a. higher incomes for many U.S. workers.
  - b. **higher unemployment among U.S. workers.**
  - c. reduction of profit for U.S. firms.
  - d. the increase in power of workers to demand minimum wage increases.
25. Which of the following is a limitation of using income to measure a family's or individual's economic well-being? (p. 23)
- a. **Income does not include the value of stocks, real estate, and other non-cash economic assets.**
  - b. Government studies measuring income use measures and methodologies that are too similar.
  - c. There is an over-reporting of income.
  - d. none of the above

26. Which of the following is NOT a true statement regarding wealth and income inequality? (pp. 27-29)
- Income inequality is far greater than wealth inequality because most people do not have much in the way of wealth.**
  - In 2007, the bottom 40 percent averaged only \$2,200 in wealth.
  - In 2007, the richest 20 percent had an average wealth of \$2.3 million.
  - none of the above
27. Which of the following is a true statement regarding wealth and income? (pp. 27-30)
- Good broad-based information about the wealthy and wealth concentration is easier to find than information on the poor.
  - Wealth includes the value of homes, automobiles, businesses, savings, investments, and other assets, minus debt.**
  - Income fully reflects the access of the wealthy to a greater number of economic tools and opportunities.
  - Income is the most complete measure of a family's economic power.
28. Studies of wealth distribution in the early U.S. consistently point to the fact that: (p. 28)
- a large percentage of individuals during this period had great wealth.
  - wealth inequality didn't arise until industrialization.
  - wealth was fairly easily distributed during this period.
  - wealth inequality was a clear and consistent condition during this period.**
29. Which of the following is NOT a true statement regarding contemporary U.S. wealth concentration? (p. 29)
- In 2007, the richest 1 percent controlled about one-third of all privately held wealth.
  - In 2007, the wealthiest 20 percent owned almost 85 percent of all wealth.
  - In 2007, the bottom 40 percent held under 1 percent of all wealth.
  - In 2007, the middle quartile saw an increase in wealth.**
30. Which of the following is NOT a true statement regarding inheritance in the U.S.? (p. 31)
- Historically, inheritance of wealth has helped to stabilize, reproduce, and exacerbate economic inequality.
  - Inheritance provides head-start assets such as paying for college and down-payment assistance.
  - Historically, family and inheritance have been the major sources of wealth among the corporate rich.
  - none of the above.**
31. The \_\_\_\_\_ view envisions globalization as raising the average economic fortunes of all nations, while the \_\_\_\_\_ view sees globalization as a force that strengthens the opportunities of powerful nations to take advantage of less powerful nations and exploit their labor. (p. 39)
- conflict / functionalist
  - positivist / anarchist
  - collectivist / conflict
  - neoliberal / critical**
32. Since the early 1800s up to the recent past, most world inequality has been due to: (p. 39)
- economic inequality between nations.**
  - political corruption within nations.
  - economic inequality within nations.
  - social inequality between nations.
33. Globalization has: (p. 39)
- reduced employment in high-paying manufacturing jobs.**
  - increased the price of many goods.
  - increased the average wage of the U.S. worker.
  - increased the demand for low-skilled as opposed to high-skilled labor.

True or False:

1. Economic and technological developments have become increasingly significant for the changing composition of classes. (p. 21) T
2. Workers who leave a job and then re-enter employment generally do so at a lower salary or wage. (p. 26) T
3. Most studies of the U.S. middle class indicate a shrinking in its size. (p. 27) T
4. *Proletarianization* refers to the fact that the working class continues to get smaller. (p. 16) F
5. Most Americans do not believe that they belong to a class. (p. 14) F
6. Those in the working and lower classes are more likely to see the upper class as being distinguished by lifestyle, while those in the higher classes see their main distinction as being based on wealth. (p. 14) F
7. Generally, those in the upper classes are more likely than those in the lower classes to believe there is a greater polarization of income and wealth. (p. 14) F
8. Occupational positions that are seen as requiring mental ability or as having authority over others are generally classified as at least middle class as opposed to working class. (p. 14). T
9. Traditionally, U.S. researchers have defined social class purely economically. (p. 15). F
10. The traditional, more conservative measure in the U.S. assumes that the structure of social class or socioeconomic status is nonconflictual in nature. (p. 15) T
11. Recently, the lines distinguishing blue-collar and white-collar work have been sharpened. (p. 16) F
12. Blue-collar work is always considered working class. (p. 16) F
13. Several studies have found support for the proletarianization thesis by showing that there has been an increase in the proportion of the labor force that are managers, experts, or supervisors. (p. 17) F
14. Marx believed that class is not defined by income or occupation, but rather by ownership/control in the system of production. (p. 17) T
15. The high level of unionization and the presence of a working-class political party in the United States have enabled the development of class solidarity. (p. 18) F
16. Wright's characterization of the U.S. class structure uses exploitation as the defining element. (p. 19) T
17. There appears to be agreement across class models that the upper or capitalist class makes up a large percentage of the population. (p. 20) F
18. Between 2006 and 2016, employment in the field of information technology is expected to decrease dramatically. (p. 21) F
19. The demand for goods produced by U.S. workers fluctuates with economic and political changes in other countries. (p. 21) T
20. The 2008-09 economic crisis in the United States has only affected U.S. workers. (p. 21) F
21. Money income, as defined by the Census Bureau, includes money from virtually all sources, including wages, salaries, Social Security, welfare, pensions, and others. (p. 23) T

26. Female-headed families have less than half the income of married-couple families. (p. 24) T
27. Since 1979, the average wages of middle- and lower-level workers have declined. (p. 27) T
28. Those on the top of the wealth pyramid are more likely to have their wealth in stocks, bonds, and related investments as opposed to savings and home ownership. (p. 30) T
29. Edward Wolff's data source yields a more accurate picture of wealth distribution because it uses a broader definition of net worth and a more inclusive sample of wealthy individuals. (p. 30) T
30. In 2004, over one quarter of the poorest 20 percent had debts that exceeded 40 percent of their total incomes. (p. 30) T
31. Economically, Blacks and Whites benefit equally from education and occupation. (p. 31) F
32. In Forbes 2010, the vast majority of the richest 400 Americans obtained their wealth in the service, food and beverage, manufacturing, media, technology, or investment industries as opposed to inheriting them. (p. 32) T
33. Income is distributed much more unequally between Whites and others than is wealth. (p. 31) F
34. Thirty-nine of the world's 229 countries hold more than 80 percent of all wealth. (p. 37) T
35. In the "grand" theory of globalization, globalization is narrowly conceptualized and views it strictly as an economic phenomenon. (p. 38) F
36. Poor countries are more likely to be in favor of globalization because free trade allows their farmers to obtain subsidies. (p. 39) F
37. Despite variations, on the whole there seems to be a general consensus that globalization reduces economic inequality within countries, including the U.S., and has contributed to greater world equality. (p. 40) F

Matching:

Associate the name or concept on the left with the idea or definition on the right:

- |                                  |   |
|----------------------------------|---|
| 1. Erik Wright                   | adoption of middle-class lifestyle among blue-collar workers (2)                |
| 2. embourgeoisement              | discrepancy between <i>pre-tax</i> and <i>post-tax</i> income distributions (3) |
| 3. index of income concentration | "contradictory" class locations (1)   |
| 4. Karl Marx                     | "class-for-itself" (4)  |
| 5. proletarianization            | white-collar jobs take on working-class characteristics (5)                     |

Essays:

1. What factors lie behind rises in income inequality in the U.S. in recent decades?
2. Outline the dominant historical trends in wealth distribution in the U.S.
3. Compare and contrast the class structure models of Gilbert and Wright.
4. What have been the principal methodological issues in studies of wealth and income distribution?
5. You are given the task of assessing the general level of economic well-being across populations within the largest 100 U.S. cities. The only two statistics to which you have access are *mean* family income and *median* family income. If you must only use one of these indicators, which would you employ, and why?

6. How do Marxian analysts differ from traditional analysts in their conception of classes?
7. Discuss the specific ways in which the class structure of society is shaped by the political, cultural, and economic context in which it is embedded. How has technology helped to shape the U.S. class structure?
8. Discuss the impact of globalization from the neoliberal, critical, and mixed perspectives.

Class Exercises:

1. Discuss with students their perceptions of the most significant determinants of social class position. Ask them how they can tell an individual's class position.
2. Have students collect information on the wealthiest individuals and families in the U.S. and report on their characteristics and bases of wealth (*Forbes* and *Fortune* magazines would be a good place to start).
3. Divide the class into three groups, assigning each to either the wealthy, middle, or poverty class. First, have each group discuss, among themselves, the causes and political and social implications of the rise in economic inequality in the U.S. Then have the entire class debate the effects.