CHAPTER 1

An Introduction to the Study of Social Inequality

Was there, or will there ever be a nation whose individuals were all equal, in natural and acquired qualities, in virtues, talents and riches? The answer in all mankind must be in the negative.

JOHN ADAMS (1735–1826)

First Daniel was demoted and saw his hours cut. Then, like thousands of others, Daniel lost his job. Still, he scrambled to find a new job because he was almost out of money (Chura, April 28, 2009, p. B5). Daniel joins millions of others who are worried about keeping afloat economically. For most people in the United States, the last few years have been a time of economic pain. The number of individuals living in poverty is at an all-time high. This includes the "new poor," a group of people who have never experienced poverty, but who have lost their jobs and fallen on hard times. In 2009, one in five Americans suffered declines in their incomes of at least 25 percent. More people are without insurance to pay medical bills. And as the ranks of the poor and unemployed have swelled, the gap between the richest and poorest has continued to widen, and a 2010 poll indicates that most Americans believe that gap will continue to grow (Pew Research Center, June 22, 2010). All of these events have helped to foment greater feelings of economic insecurity among individuals and strengthened tendencies toward social fragmentation in society.

This is a book about social inequality in all its forms, and how it continuously affects not only social conditions in U.S. society but also our personal lives on the most intimate levels. While social inequality has been a topic of concern at least since the days of Aristotle, the international economic crisis of the last few years has crystallized and intensified its significance and the problems associated with it.

Of course, these problems weigh unevenly across the U.S. population. Individuals are affected more or less by them because of their economic position, ethnicity, race, and gender.

People also reside in places that vary in terms of culture, economic resources, and potentials. Together, a person's individual attributes and how these are interpreted, along with family background, and the political, social, and economic contexts in which people reside, affect their specific attitudes, orientation to life, and their chances for decent and satisfactory lives. Consider your own situation. Imagine that you had come from a family of noticeably different wealth or from a different region or nationality, or that you were of a different race or sex. How would your experiences, perceptions, and opportunities be different?

Inequality is present and affects us at all stages of our lives. Think of your own experiences. Even when young, we hear of people as being from the "wrong side of the tracks," as not being "our kind," as being "above" or "below" us. We hear epithets aimed at persons because of their race, ethnicity, sex, or sexual orientation. As youths, we notice that because of the way they dress, where they live, and who their parents are, some children are treated differently and have more or fewer opportunities than others. We are also smart enough to see that there are class differences associated with different neighborhood schools, and even churches. These economic differences show no sign of disappearing.

Economically, the gap between the top and the bottom has increased and class mobility has stagnated in the last few decades. Analyses by newspapers as divergent as the *Wall Street Journal* and the *New York Times* have publicized the growing inequality. "As the gap between rich and poor has widened since 1970, the odds that a child born in poverty will climb to wealth—or a rich child will fall into the middle class—remain stuck," writes David Wessel in the *Journal* (May 13, 2005, p. A1). In the last 30 years, class "has come to play a greater, not lesser, role in important ways," agree Scott and Leonhardt in the *Times* (May 15, 2005, p. A1).

Statistics confirm the extensive inequality. For example, in 2009, almost 44 million people, or 14.3 percent of the U.S. population, were classified as poor by the Census Bureau. Over 14 million of these were children under 18 years of age. For a single person under 65 years old, this meant having an income below $11,161, and for a family of two adults and two children, having an income of no more than $21,756 (U.S. Census Bureau, September 2010a). In 2009, the median household income in the United States was $49,777—even less than what it was 10 years earlier. Households whose incomes were in the top 20 percent had incomes that were almost 15 times those of households in the poorest 20 percent. And the 2009 compensation of chief executive officers (CEOs) in the top 500 U.S. corporations was 263 times that of the average worker (Anderson et al. 2010). The gap in income has been fueled recently by a combination of a growth in corporate profit in 2009–2010 and major layoffs in the top 500 U.S. corporations. "Companies are doing much better than workers; that's a defining characteristic of today's economy" (Samuelson, August 2, 2010, p. 26). This earnings gap is one indicator of the increasing polarization of incomes in the United States. Since the late 1990s, the incomes of the bottom 20 percent of families have declined by about 3 percent while those of the top 20 percent have increased over 9 percent (Bernstein, McNichol, and Nicholas, April 2008). As we will see in the next chapter, wealth is even more highly polarized than income in the United States, with a small percentage controlling most of the resources. Indeed, economic inequality thrives in the United States.

Recent events have intensified the trend toward greater inequality. To further strengthen their economic positions, for example, an increasing number of companies have been able to successfully pass off their pension obligations to the federal government; consequently, workers will likely receive only a small proportion of their originally promised pensions. "It's a hammer blow to thousands of retirees who will have to somehow make do with lower pension checks," complained Joseph Tiberi, a representative of the International Association of Machinists and Aerospace Workers, after United Airlines withdrew its pensions plans. "The promises United made to them are worthless" (Maynard 2005, p. C2). Similarly, James Roberts, who worked for

Bethlehem Steel for 33 years but had to retire early because of serious health problems, lost a large percentage of his pension benefits and free health care when the company passed on its obligations to the federal government. The pension was money he counted on to "use for food or . . . for entertainment or . . . to help my kids who are in school. . . . The promises were not kept. That makes me angry, because we gave up things in order to get those promises" (Dale 2005, p. D2). Among those especially hard-hit have been blue-collar workers whose manufacturing plants have moved or shut down. Jeffrey Evans's plight is a common one. His truck-parts plant in southern Ohio closed, leaving him unemployed in a part of the state where nearly one-third of the population is living below the poverty line. At 49, he found himself moving back in with his mother: "I lost everything I worked for all my life" (Eckholm 2008a, p. A12).

The injurious impact of inequality is not confined to the working class and poor, however. In recent years, as companies downsize to meet competition and maintain profits, the effects of social and economic forces pushing people into different economic circumstances have been increasingly felt by those in the white-collar ranks. In Toledo, 56-year-old Rob Noonan was laid off from his construction management job, and not only lost his $140,000 salary but much of his retirement savings as well. But he still goes into work because work is so central to his identity. He knows that many of his unemployed friends are "mad at life." He also knows that he could blame his predicament on forces beyond his control or he can put responsibility on himself and try to solve his problem (Slevin, May 10, 2009, p. A4). Unfortunately, Rob's story is not unique. In 2009 alone, almost 2.8 million workers applied for unemployment insurance because of mass layoffs in the private sector. This was the highest level ever. About 27 percent of these insurance claims were by workers in manufacturing (U.S. Department of Labor, January 27, 2010).

The streamlining and downsizing of businesses have left millions of experienced, specialized workers with temporary part-time jobs or without jobs. Frequently, their immediate response is like that of Edoardo Leoncavallo, an unemployed, middle-aged architect who knows the family problems that result from downward mobility: "I think my wife initially felt resentment. I think she felt, Why can't you bring home the bacon?" (Labich 1993, p. 42). At the same time, advances in computer and information technologies have created opportunities for others to become phenomenally rich. In the early 1990s, few people had heard of Michael Dell. Yet in 2010, this 46-year-old from Austin, Texas, who is the driving force behind Dell computers, was among the richest Americans, with wealth in excess of $14 billion (*Forbes 400,* 2010).

Certainly, individuals disagree on what causes people to wind up in the economic positions they are in. Erma Goulart, a 67-year-old retiree and widow with only a high school diploma, believes that she "worked hard for what I have" but feels that "[t]he rich get more benefits and tax breaks and the poor people don't." In contrast, Steve Schoneck, a 39-year-old college graduate and accounting official for a utility company, thinks that "[y]ou always have the opportunity to try and move forward financially. . . . Over all, I've achieved the American dream. I'm happy" (Scott and Leonhardt 2005, p. A16). These assessments suggest the different emphasis that people place on the relative roles of individual and extra-individual factors in explaining their class positions, and the fact that those who are less successful are less likely to be fully content with their positions.

SOME CONTROVERSIAL ISSUES OF SUBSTANCE

Inequality and its effects are all around us. Consider the impact of inequality one is likely to see during a lifetime involving differences in possessions, places, wealth, experiences, bodies, races, genders, and power. The extensiveness of such inequality is almost overwhelming. And yet, there is a great deal of controversy about social inequalities. Are social inequalities inevitable, especially in a capitalist society that stresses competition and individual success? Why do some people have more than others? Is this natural or unnatural? Do "you always have the opportunity to try" as Steve Schoneck suggests, and does "hard work" always pay off despite the odds against average people that Erma Goulart believes exist? Is inequality a *social* problem or an *individual* one? Is it desirable or not? Is inequality a source of divisiveness or a basis for integration in U.S. society? Are social *classes* really present in the United States, and, if so, are they the most important dimension of inequality in our society? Can equality in political power even exist if economic resources are distributed unequally? Or does the golden rule operate—those with the gold rule? Does the globalization in the world economy strengthen or weaken inequality? These are among the most intriguing and consequential questions that have been raised in the study of social inequality. We now examine some of these in more detail.

Is Inequality Inevitable?

Perhaps the most basic issue relates to the inevitability of inequality. It is important to clarify that reference is being made here to *institutionalized* rather than *individual* inequality (i.e., structured inequality between categories of individuals that are systematically created, reproduced, legitimated by sets of ideas, and relatively stable). We would not be studying this phenomenon if it was not a prominent feature of contemporary society with significant consequences. To ask whether it is inevitable is to address the origins of inequality (i.e., whether it is caused by natural or artificial factors). If social inequality is directly linked to conditions inherent in the nature of groups of individuals or society, then little might be expected to eliminate it. On the other hand, if such inequality arises because of the conscious, intentional, and freely willed actions of individuals or the structures they create in society, then perhaps it can be altered.

One side argues that inequality is always going to be present because of personal differences among individuals either in the form of basic differences in their own makeups or differences in the amount of effort they expend. A large majority of Americans would appear to agree. Recent polling suggests that most people rank "hard work" more often than any other factor as being critical for economic success (Hanson and Zogby 2010). In explaining his own success, Steve Schoneck believes he took advantage of the opportunities available to everyone and, as a result, was able to achieve the American dream. In his view, he had what it took to get ahead. If there is an open society and if people vary in their talents and motivations, then this would suggest that inequality is inevitable, a simple fact of society. "Some inequalities come about as a result of unavoidable biological inequalities of physical skill, mental capacity, and traits of personality" argued Cauthen (1987, p. 8) in his treatise on equality. Some early philosophers also argued that there are "natural" differences between individuals; in fact, some people still maintain that differences of this type separate the sexes, resulting in the inevitability of inequality. Aristotle took the position that "the male is by nature superior, the female, inferior; and the one rules, and the other is ruled" (in Kriesberg 1979, p. 12). More recently, Goldberg (1973) argued that male dominance and higher achievement are probably inevitable because of the biological differences that he says exist between males and females. These and other explanations of inequality will be discussed in detail later.

Other theorists have argued that inequality is inevitable because as long as certain kinds of tasks are more necessary for the survival of the society than others, and as long as those who are able to perform those tasks are rare, social inequality of rewards among individuals is needed to motivate the best people to perform the most difficult tasks. Under these conditions, the argument goes, inequality cannot be eradicated without endangering the society.

On the other side of the fence are those who argue that economic inequality is not inevitable and is largely the by-product of a system's structure and not the result of major differences in individual or group talents, characteristics, and motivations. Rousseau, for example, linked the origins of inequality to the creation of private property (Dahrendorf 1970, p. 10). It is the characteristics of the political economy and the firms and labor markets within it that are primary determinants of differences in income and wealth. Where a person works and in what industry have major effects on income. Certainly, the job changes resulting from downsizing would suggest this. Essentially, then, this argument states that it is not human nature and individual differences but rather structural conditions that determine where an individual winds up on the ladder of economic inequality. Discrimination is another of those conditions.

Clearly, Erma Goulart suspects that her situation may be at least partially determined by forces (e.g., tax policies) beyond her control. If the conditions that generate social inequality are artificial creations of human actions, then they can be changed, and economic inequality is not inevitable, nor is it necessarily beneficial for the society and all its members. We will examine this controversy more thoroughly in later chapters.

Is Inequality Desirable or Undesirable?

Some scholars think of inequality as a source of integration in society. The functionalist view, for example, which we will explore later, argues that inequality in rewards is a way of making sure that critical occupations are filled with the most qualified persons. That is, since rewards provide motivation to do certain tasks, the structure of inequality is really an incentive system that helps the whole society survive. Other analysts contend that economic and other kinds of inequality create divisiveness between the haves and the have-nots, men and women, minorities and majorities. This is in large part because these groups are not equally likely to believe that the system of inequality is fair. Nor do they agree that inequality works to the benefit of the entire society rather than only a few select groups. Because of this, inequality is more likely to instigate conflict than it is to strengthen cohesion between groups and in society in general.

A variety of studies have asked Americans how they feel about equality and inequality, and it is clear that they have mixed emotions. Americans are decidedly ambivalent about what should be done about social inequality. National studies of U.S. adults suggest that while Americans do not want equality for everyone and that some differences are needed to motivate people to work hard, they think the present degree of income and wealth inequality is too great and unfair and should be reduced (Page and Jacobs 2009; Norton and Ariely 2011). While they tend believe in freedom and individual responsibility, they also feel that governmental help should be given when opportunities for some are blocked and when others need help because of disabilities.

In some ways, Americans are attracted to equality; in other ways, they view inequality as justified. Part of the problem here is that people think about different things when they think about inequality, and people feel differently about the various kinds of equality/inequality; thus, the meaning of equality/inequality is not self-evident. For example, Bryan Turner (1986) identified four basic kinds of equality: (1) equality of human beings—that is, the notion that basically we are all the same and equally worthy as persons; (2) equality of opportunity—the idea that access to valued ends is open to all; (3) equality of condition—that is, that all start from the same position; and (4) equality of results or outcome, or equality of income. The latter is the most radical of the four and the one most likely to incite controversy.

Americans feel quite differently about equality of opportunity than they do about equality of income, and groups feel differently about the fairness of the system. A study of over 2,700 leaders in various areas, for example, showed that they feel any fair distribution of goods should be based on equality of *opportunity* rather than equality of *result*. We will examine the tangle of American beliefs about inequality and its fairness more fully in Chapter 15.

Are There Classes in the United States?

The economic differences that exist among families and among individuals can be easily recognized, but does that mean that social *classes* exist in the United States? There is much to discourage the belief in classes, including the traditional American value system, which stresses individualism, liberty, and the notion that all can get ahead if they work hard. It is inconsistent with these values to believe in or to have class inequalities in which a person's fate is largely determined by the group to which he or she belongs. The value of equality—that we are all one people, that, underneath, U.S. citizens are all "common folk" without formal titles (e.g., duke, lord)—also helps to reinforce the basic notion that all Americans are equal and not members of different classes. To believe otherwise would be un-American.

In addition to some central U.S. values, other conditions moderate the belief in the existence of classes. First of all, a lack of agreement in conceptualization of "class" makes it difficult for there to be agreement on the existence of classes. Second, in contrast to race and sex, there are far fewer reliable and clear-cut physical clues to class position. Walking down the street, it is much easier to tell accurately whether someone is Black or White and male or female than it is to tell what class he or she occupies. Class is often invisible, and therefore we seem to be less often confronted by it. People do not always wear their class positions on their sleeves, so to speak. Think about it: Can you reliably and accurately tell the class positions of your classmates simply by their appearance?

Third, this very invisibility makes it much easier to create and manipulate ideas about the existence of classes in society. It is much easier to say that classes simply do not exist. Finally, the increasing concern for privacy and personal security in U.S. society, which isolates people from each other, enhances the belief in the absence of classes. It is hard to recognize classes and the predicaments of others if we live in shells. Any individual differences in wealth would be viewed as a continuum along which all individuals and families could be located. Here, the image of a system of inequality is one of a tall but narrow ladder. Discrete, wide, separate class layers would not be a part of this perspective.

In fact, some social theorists have argued that the term *social class* has no relevance for the United States, at least in its Marxian definition. In this view, social classes, as unified class-conscious groups with their own lifestyles and political beliefs, do not apply to the United States, whereas they may still fully apply to European countries that have a tradition of class conflict, like Italy or France. There may be differences in lifestyle and status between different occupational groups, but these differences are not thought to be class based. Much of the traditional research in the field of inequality, in fact, has focused on social lifestyle differences between groups rather than on economic-class differences. The focus of research is, of course, conditioned by the historical context in which it occurs, the cultural milieu, and the events of the times. As we shall see, this is clearly the case in research by Americans on social inequality in the United States.

One position, then, is that social classes as full-fledged antagonists do not characterize present-day U.S. society. A second view is that fairly distinct classes exist at the extremes of the inequality hierarchy but not in the middle, which is considered largely a mass of relatively indistinguishable categories of people. A third position is that distinct classes have always existed and continue to exist in the United States, and that class conflict, especially in the institutionalized form of union–management friction, continues to this day. Distinct disparities in the incomes of those in different occupational categories would appear to reinforce the notion that classes exist in the United States, and the increasing polarization of incomes and wealth might further crystallize the image of a class structure in the minds of individuals.

But even if classes do exist, does this mean that they are the most important dimension of social inequality in the United States? Certainly, there are other bases and forms of inequality that are important, such as those between the sexes and between races. Moreover, inequality not only can take an economic form, but also can appear in a social or political form. We will be examining all these forms in the next several chapters, beginning with those forms of inequality that appear more as *outcomes* (i.e., economic, status, political) and then moving on to those forms that can be viewed more as *bases* for those outcomes (i.e., gender, sexual orientation, race/ethnicity). As we will see, Max Weber conceived of each of the three outcomes above as aspects of the distribution of power in society. Power can take each of these forms, and how much power one has in these areas appears to be at least partially *based* on one's gender, sexual orientation, and race/ethnicity. Oftentimes, the latter three bases intersect in their impact or have compounding effects. The combination of being not only a woman but also Black rather than White, for example, can have distinct effects on how far one can get economically, socially, and/or politically. In several of the following chapters, we will have occasion to look at the impact of this "intersectionality" on inequality outcomes.

Can Capitalism and Democracy Coexist?

Do economic and political inequality necessarily go together? The *economic* system of **capitalism** has been linked to the *political* system of democracy in both a positive and a negative manner (Almond 1991). It has been viewed as a determinant as well as an enemy of democracy. Can capitalism and democracy effectively coexist? Pure capitalism demands that markets be open and free and that individuals be able to freely pursue their economic goals, competing with others within the broad framework of the legal system. Capitalism's ideal conditions assume *equality of opportunity,* regardless of sex, race, or any other category. Presumably, individual talents and motivations are the prime determinants of how far a person goes in the system. This is how many would explain the high executive salaries noted previously. "The company pays what it has to pay to recruit and retain a person. . . . A person is worth what the market is willing to pay for him," said Charles Peck, an analyst for the Conference Board (Gladstone 1988, p. 4). A system like this presumably would result in the best people being in the highest positions, with the consequence being an efficiently run economy. But if this type of competitive capitalism operates in the United States, then economic inequality is unavoidable, since the talents and motivations of individuals and supply and demand for them vary. There is a potential for economic concentration under these circumstances, with a few having much while many have little.

Alongside the U.S. capitalistic economic system exists a political democracy in which everyone is supposed to have a vote in the running of the government. "One person, one vote" is the rule. *Equality of result* is expected in the political arena in the sense that power should be equally distributed. The question is, Can equality of political power and inequality in economic standing coexist? Or does economic power lead to inordinate, unequal political power, thereby making a mockery of political equality? Can open economic capitalism and political democracy exist harmoniously alongside each other? John Adams, one of the Founding Fathers of the United States, expressed concern that "the balance of power in a society accompanies the balance of property and land. . . . If the multitude is possessed of the balance of real estate, the multitude will have the balance of power and, in that case, the multitude will take care of the liberty, virtue and interest of the multitude in all acts of government" (Adams 1969, pp. 376–377). Bryan Turner wrote, "Modern capitalism is fractured by the contradictory processes of inequality in the marketplace and political inequality at the level of state politics. There is an inevitable contradiction between economic class and the politics of citizenship" (1986, p. 24). How do individuals who lack economic resources react politically to this situation? Does the contradiction generate resistance? Is it possible to have a society that is both capitalistic and democratic? During the recent economic crisis, which exposed extensive fraud and inequality, government intrusion into market mechanisms suggested that capitalism and democracy are inherently antagonistic to each other. Conversely, the Supreme Court's recent decision to allow unfettered corporate funding to political campaigns would appear to open the door to greater political power for those who have the money.

Conservatives and liberals generally take different positions on each of the issues we have been discussing. Conservatives tend to praise the virtues of open capitalism and emphasize its benefits for the individual, rather than to see the internal contradictions between capitalism and democracy. Liberals, on the other hand, view unbridled capitalism as destructive of human beings and stress the linkage between economic and political power, seeing money as a contaminant of the political process. Conservatives also tend to view social inequality as inevitable, if not necessary and desirable, and perceive the United States as being largely classless, seeing the similarities among Americans as being more fundamental than the differences. In sharp contrast, liberals conclude that inequality is neither inevitable nor desirable, that the United States is a class society, and that basic social, economic, and political conditions create deep divisions within the population.

Does Globalization Reduce or Increase Inequality?

As a whole, U.S. society is increasingly susceptible to conditions and developments beyond its borders. Many of these are economic, but others are political, social, cultural, and sometimes even religious in nature. The weakening of national boundaries that attends globalization has allowed nations to trade, borrow, and transport goods and services more easily. At the same time, it has also meant a greater flow and interchange of currencies, peoples, and influence. As a worldwide force, has globalization had a positive or negative effect on inequality? As we will see later, some argue that free trade and exchange of ideas and technologies encourage the leveling out of differences and inequalities among nations, while others contend that open markets favor the powerful and are used by economic powers to strengthen and deepen their hold on global economic operations. The former argue that open exchange fosters the dissemination of technology and medicine to nations in need of help, leading to benefits such as the development of larger middle classes in places like India and China. The latter allege more negative outcomes: Freedom and open borders advantage wealthy countries and disadvantage poorer ones. Transnational corporations and other international organizations can bypass restraints and regulations by individual countries, thereby weakening the power of national governments over them. The opening up of broader markets and labor supplies also gives corporations more leverage over local governments and workers.

Whatever its effects, the impact of globalization is not simply economic. Open exchanges among nations have political, social, and cultural consequences as well that affect the shape and character of national systems of inequality. Globalization's rapid expansion has made international relationships much more complicated and difficult to understand because of the vast differences in histories, traditions, and cultures that exist among partners in the world marketplace. The combination of open borders and a lack of full understanding of other countries and peoples can breed feelings of insecurity and encourage protectionist tendencies by national governments. Those in power can then feed worries about dangers like terrorism to push policies that help to maintain their power (Beland 2008). These policies often take the form of more restrictive immigration and trade policies. The inflow of immigrant workers with cultures and behaviors quite different from those of native or dominant populations increases the significance of status differences and inequality, and can inflame hostilities within the working class. Because it makes borders more permeable, globalization also breaks down a country's insulation from a multitude of problems originating in other nations. The increasingly dense network of relationships around the globe means that changes and conditions in one place can reverberate throughout the whole international system. Consequently, the full impact of globalization on the economic, status, and power balance *among* countries and economic, social, and political inequality *within* them has yet to be completely mapped out. But there appears to be little question that globalization's impact across the world, at least for the near future, will continue unabated.