

# Income Inequality

# Why does income matter?

- ▶ Income allows for stratification among the nation's population.
- ▶ It allows some people to prosper and others to plunder.
- ▶ Income is not distributed equally.
- ▶ Provides motives for social inequality.
- ▶ And while we may be making strides to end other forms of discrimination, the differences in income or earnings in the US has widened over the past few decades; thus, creating competition among people who could otherwise use their exploitation to fight for better wages.

# Social Stratification

- ▶ What is social stratification?
  - ▶ It is a hierarchy of relative privilege based on power, property, and prestige.
  - ▶ Every society stratifies its members.
  - ▶ 4 Major systems of stratification: slavery, caste, estate, and class.

# What determines social class?

- ▶ According to Karl Marx, social class is determined by one's relationship to the means of production.
- ▶ Modern society composed of two classes: bourgeoisie and proletariat.
- ▶ Class consciousness develops
- ▶ Marx believed the workers would revolt and a classless society would form.
- ▶ False class consciousness holds back this revolution.
- ▶ <https://www.youtube.com/watch?v=gR3igiwaeyc> (Marx)
- ▶ Marx concluded the only distinction to be made was whether one was an owner or a worker, as this decides everything else.
- ▶ Max Weber did not believe that property was the sole basis of a person's position.
- ▶ He said instead: property, prestige, and power determine social class.
- ▶ <https://www.youtube.com/watch?v=69VF7mT4nRU> (Weber)

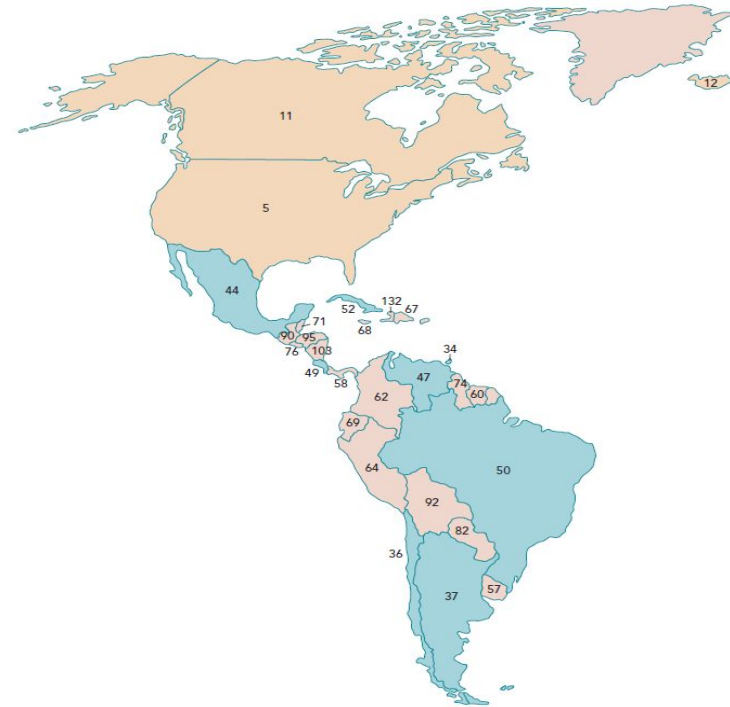
# Global Stratification

- ▶ Three worlds
- ▶ Most Industrialized Nations: US, Canada, France. They are capitalistic, although variations exist. 16 % of the worlds people
- ▶ Industrializing Nations: Eastern Europe. Lower incomes than the most industrialized nations.
- ▶ Least Industrialized Nations: 68 % worlds people. Poverty.

# Global Stratification

## The Industrializing Nations

	Nation	Income per Person
27	Ireland	\$41,700
28	Spain	\$30,400
29	Greece	\$25,100
30	Slovakia	\$24,300
31	Portugal	\$23,000
32	Estonia	\$21,200
33	Poland	\$21,000
34	Trinidad	\$20,400
35	Lithuania	\$20,100
36	Chile	\$18,400
37	Argentina	\$18,200
38	Croatia	\$18,100
39	Latvia	\$18,100
40	Russia	\$17,700
41	Gabon	\$17,300
42	Malaysia	\$16,900
43	Mauritius	\$15,600
44	Mexico	\$15,300
45	Turkey	\$15,000
46	Bulgaria	\$14,200
47	Venezuela	\$13,200
48	Romania	\$12,800
49	Costa Rica	\$12,600
50	Brazil	\$12,000
51	South Africa	\$11,300
52	Cuba	\$9,900
53	China	\$9,100





# Global Stratification

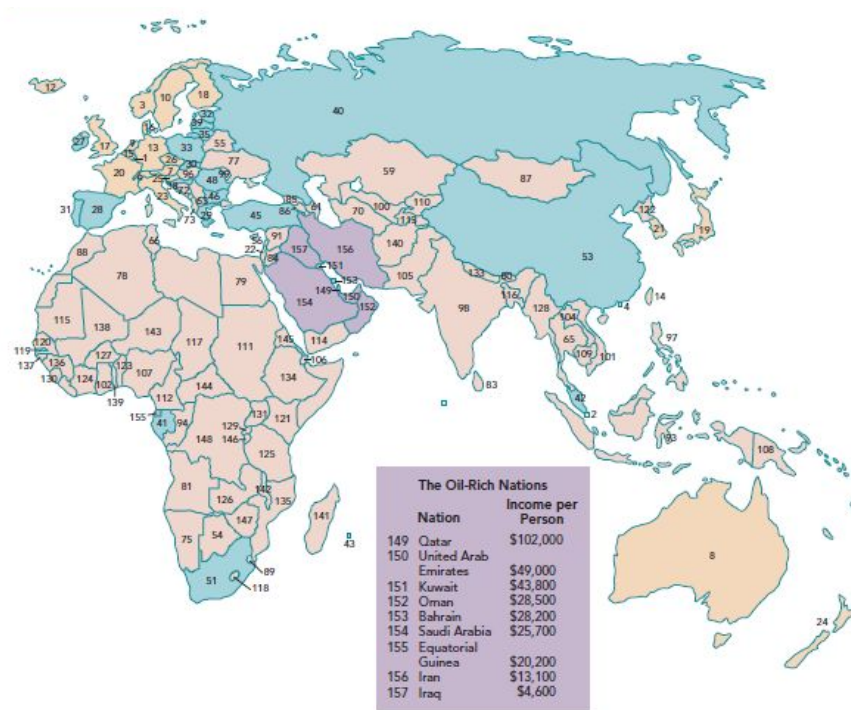
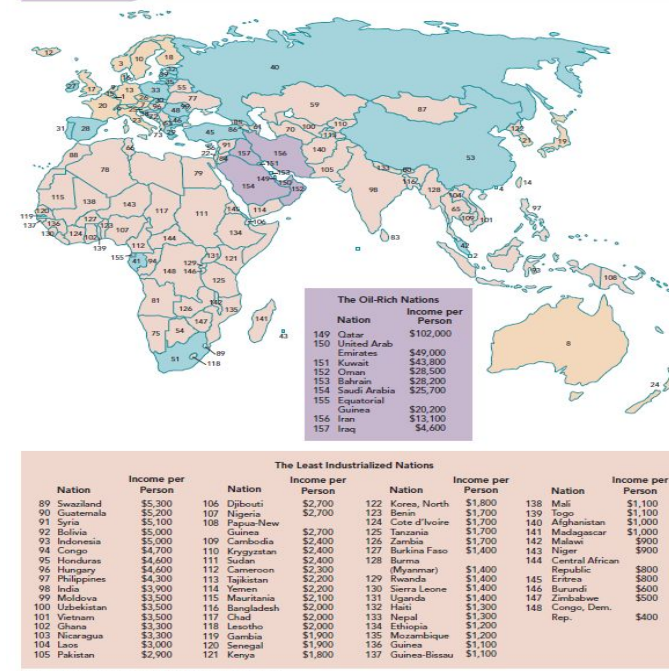


FIGURE 9.3 (continued)



Source: By the author. Based on CIA World Factbook 2013.

# Global Stratification

- ▶ Colonialism: occurred when industrialized nations made colonies of weaker nations and exploited their labor/natural resources.
- ▶ The purpose was to establish economic colonies.
- ▶ Central and South America are examples of this
- ▶ World System Theory: Wallerstein
- ▶ Countries are politically and economically tied together.
- ▶ 4 groups of interconnected nations: Core nations, Semiperiphery nations, Periphery nations, and External area nations.
- ▶ Globalization
- ▶ No nation lives in isolation



# Global Stratification

- ▶ Galbraith argued that some nations remain poor because they are crippled by a culture of poverty.
- ▶ Most sociologists find colonialism/world system theory explanations preferable.
- ▶ However, each theory partially explains global stratification.

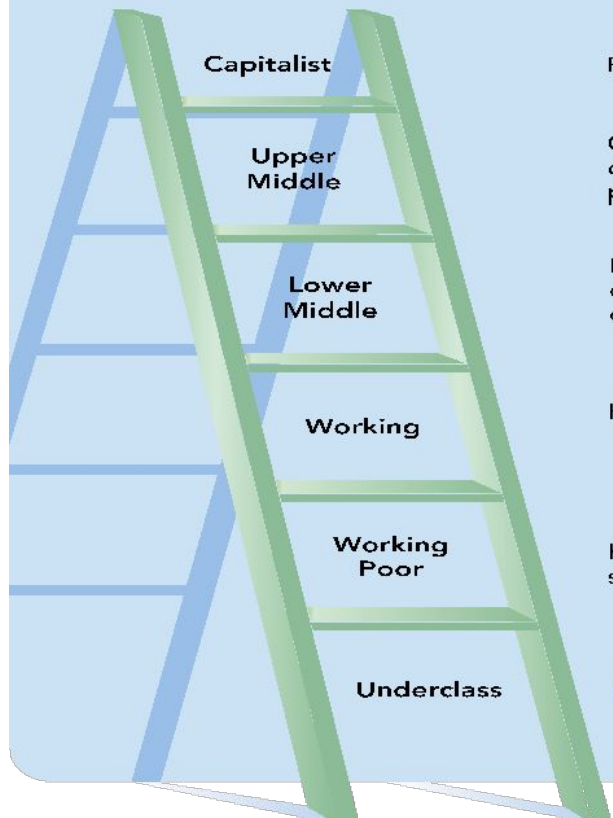
# The Importance of Global Stratification

- ▶ How a nation is stratified is dependent on their access to wealth and power.
- ▶ Poorer nations place different emphases on certain institutions that would other help change their circumstance.
- ▶ What persons in that nation have access to directly influences their education and their health.
- ▶ It is much harder for a person in a poor nation to break the shackles of poverty when they lack the resources needed to succeed.

# What it means here...

- ▶ The US like other most industrialized nations, operates under a class system.
- ▶ Whether we side with Marx or Weber, modern society cannot be explained the way they left it.
- ▶ Many theorists have updated their work, included two sociologists who gave us a six-tier social class ladder.
- ▶ Sociologically, the model is productive because it highlights the connection between education and income.

# Social Class Placement



Social Class	Education	Occupation	Income	Percentage of Population
Capitalist	Prestigious university	Investors and heirs, a few top executives	\$1,000,000+	1%
Upper Middle	College or university, often with postgraduate study	Professionals and upper managers	\$125,000+	15%
Lower Middle	High school or college; often apprenticeship	Semiprofessionals and lower managers, craftspeople, foremen	About \$60,000	34%
Working	High school	Factory workers, clerical workers, low-paid retail sales, and craftspeople	About \$36,000	30%
Working Poor	High school and some high school	Laborers, service workers, low-paid salespeople	About \$19,000	15%
Underclass	Some high school	Unemployed and part-time, on welfare	Under \$12,000	5%

# How we would place our groups...

- ▶ In 2016, the median income for Native Americans was \$38, 530.
- ▶ In 2016, the median income for African Americans was \$39, 490.
- ▶ In 2016, the median income for Hispanics was \$45, 148.
- ▶ In 2016, the median income for Whites was \$62, 950.
- ▶ In 2017, the median income for Asian Americans was \$73, 060.
- ▶ The median net worth for households in 2013 was:
  - ▶ Whites 141, 900
  - ▶ Asian Americans 78, 066
  - ▶ Hispanics 13, 700
  - ▶ African Americans 11, 000
  - ▶ PEW Research



# The Wealth Gap: Whites and African Americans

- ▶ Scholars have identified the following reasons for the wealth gap:
  - ▶ Years of home ownership (under 50% own homes)
  - ▶ Years of unemployment (15%)
  - ▶ Income
  - ▶ Education
  - ▶ Financial Support
  - ▶ Occupation

# The Wealth Gap Cont'd

- ▶ How does this relate to other institutions and social order?
- ▶ “Anomie” (Durkheim’s term) refers to the strain people experience when they are blocked in their attempts to achieve those goals.
- ▶ Robert Merton

**TABLE 6.1** How People Match Their Goals to Their Means

Do They Feel the Strain That Leads to Anomie?	Mode of Adaptation	Cultural Goals	Institutionalized Means
No	Conformity	Accept	Accept
Yes	<b>Deviant Paths:</b>		
	1. Innovation	Accept	Reject
	2. Ritualism	Reject	Accept
	3. Retreatism	Reject	Reject
	4. Rebellion	Reject/Replace	Reject/Replace

Source: Based on Merton 1968.

# Asian Americans

- ▶ Economically advantaged

- ▶ Median income 2017 \$73,060
- ▶ Weekly earnings average to at least \$973
- ▶ Asian Indians have highest income followed by Filipino Americans, Japanese Americans and Chinese Americans
- ▶ Unemployment low @ 7.5%
- ▶ Poverty low

- ▶ Conflict Theory & Economics

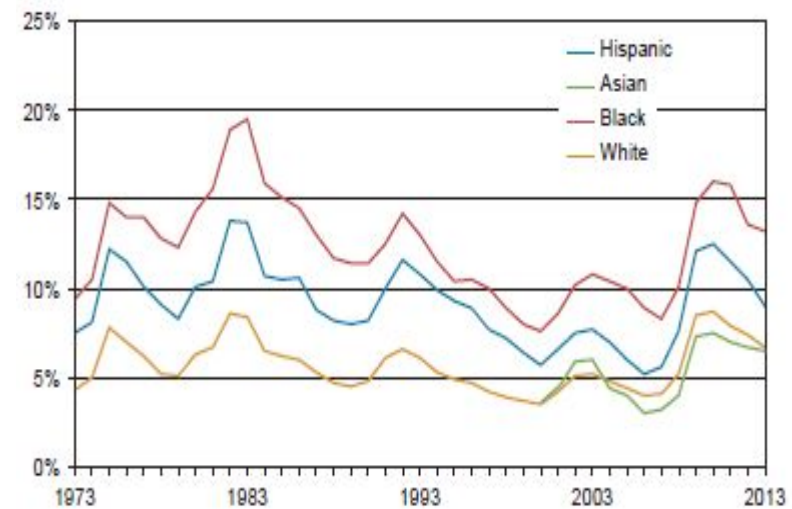
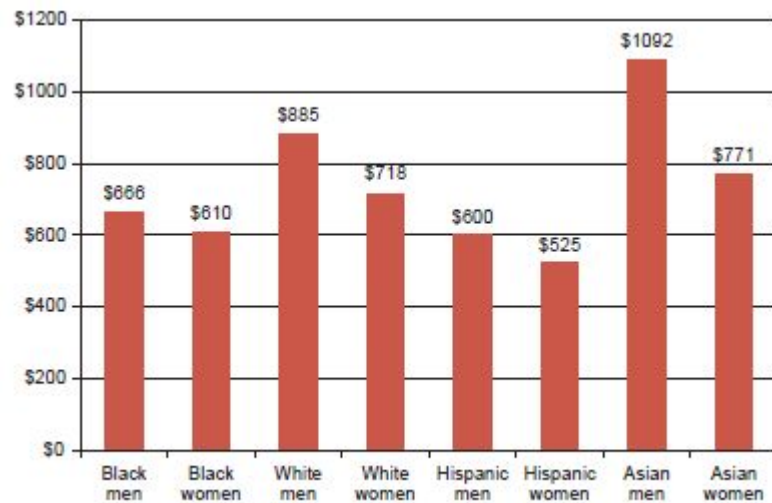
- ▶ Conflict Perspective:

- ▶ Also address “blaming the victim” but argues focus should be on society not individual
- ▶ “Bamboo ceiling”
- ▶ Despite educational attainment, Asian Americans represent fewer than 2% of Fortune 500 CEOs
- ▶ Only 28% report feeling very comfortable “being themselves” at the workplace
- ▶ Face institutional discrimination as well
  - ▶ Homeownership rates are a good example
    - ▶ Only 55% of Asian Americans own their home

# Asian Americans

- ▶ Gallop poll indicates 30-31% of Asian Americans report employment discrimination despite high earnings.
- ▶ However, in 2007 Asian Americans owned 1.5 million businesses.
- ▶ And, 69% believe you can get ahead if you work hard.

# Median Weekly Earnings (all groups) and unemployment





# Underemployment



- ▶ Underemployment Rates
- ▶ This category includes jobless workers actively seeking work, people who are working part time yet available to work full time, and those who have looked for work in the past year yet are not actively seeking employment.

# How do we align on stratification?

- ▶ Functionalists argue stratification is good and purposeful.
- ▶ It has the following functions:
  - ▶ Society must make certain that its positions are filled.
  - ▶ Some positions are more important than others.
  - ▶ The more important positions must be filled by the more qualified people.
  - ▶ To motivate the more qualified people to fill these positions, society must offer them greater rewards.
- ▶ Conflict theorists argue it perpetuates social inequality by allowing an elite to emerge.
- ▶ Stress that conflict, not function, is the basis of social stratification.
- ▶ No society can exist unless it is organized.
- ▶ Leadership requires inequalities of power.
- ▶ The dominant group takes control.
- ▶ No way around these facts of life; every society will stratify itself along lines of power.

# Implications of stratification

- ▶ Unequal distribution of wealth
- ▶ Ownership of property (real estate, stocks and bonds, etc.) is not distributed evenly: 10 percent of the U.S. population owns 70 percent of the wealth, and the richest 1 percent of U.S. families are worth more than the entire bottom 90 percent of Americans.
- ▶ Unequal distribution of income
- ▶ Income is also distributed disproportionately: the top 20 percent of U.S. residents earn 47 percent of the income; the bottom 20 percent receive less than 5 percent. Each fifth of the U.S. population receives approximately the same proportion of national income today as it did in 1945.

# Food for thought...

**TABLE 8.1** The Five Highest-Paid CEOs

Executive	Company	Compensation
Lawrence Ellison	Oracle	\$95 million
Leslie Moonves	CBS	\$59 million
Robert Iger	Walt Disney	\$36 million
Mark Parker	Nike	\$34 million
Philippe Dauman	Viacom	\$33 million

Note: Compensation is for 2012. It includes salary, bonuses, and stock options.

Source: Thurm 2013.

- Suppose you started working full time the year Jesus was born. Assuming you earn today's average per capita income of \$42,693, you would still have to work another 600 more years to earn what the highest-paid CEOs in this table earned in just one year.

# Consequences of Social Class

- ▶ Social class affects our physical and mental health.
- ▶ Lower classes have more sickness and higher death rates.
- ▶ Social class also plays a role in family life.
- ▶ The amount of education increases as one goes up the social ladder.
- ▶ Religious orientation also follow class lines.
- ▶ Political views and involvement are influenced by social class as well.