

Sociology 125
Lecture 12/13

Poverty & Inequality

October 18 & 23, 2006

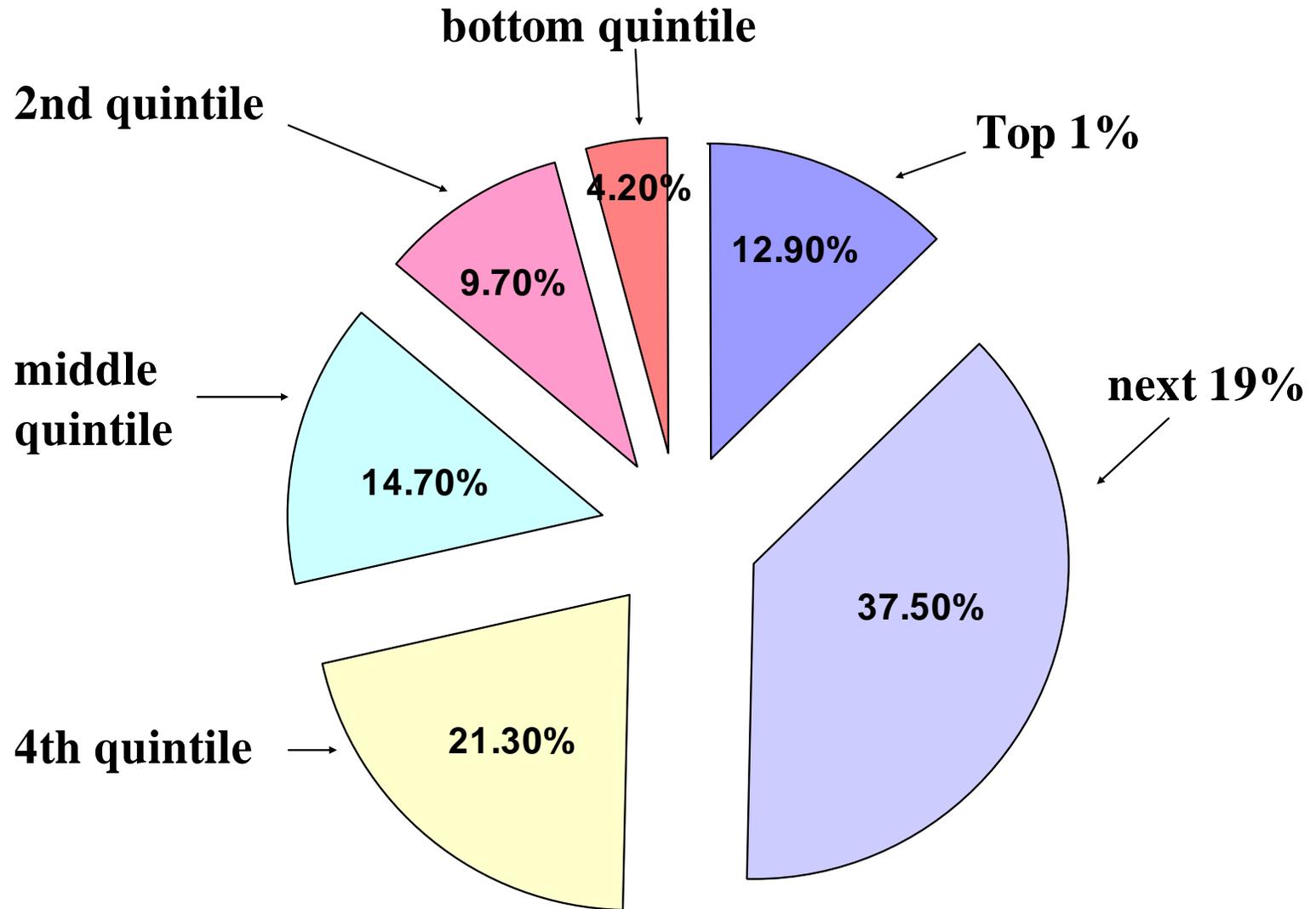
Film #2: “Bread & Roses”

7:00 p.m. Tuesday and Wednesday, October 17 & 18

125 Ag Hall

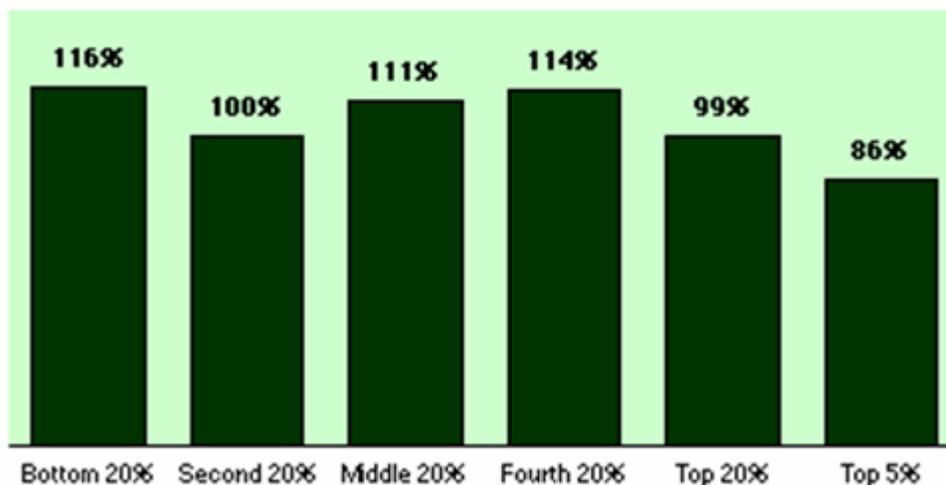
1450 Linden Drive

U.S. Household Income Distribution 1999



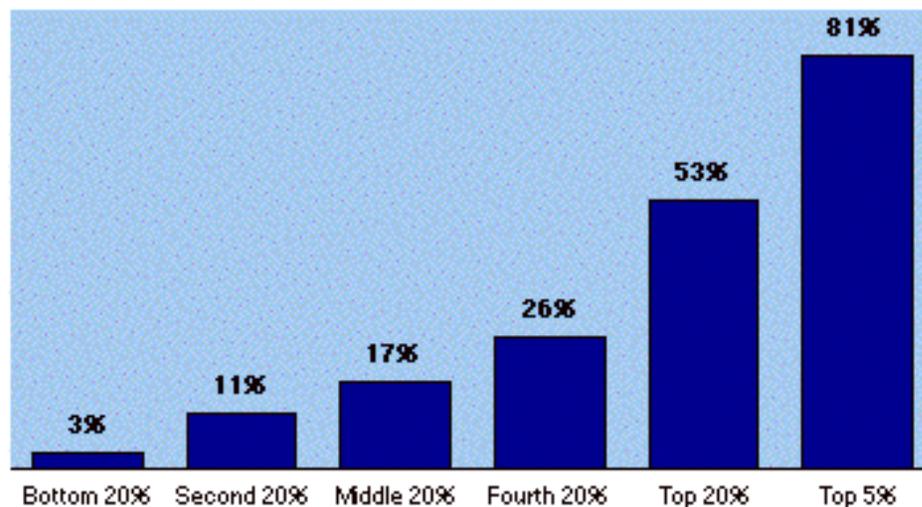
1947-1979

**Rising Together:
Change in Family Income, 1947-79
by Quintile and Top 5%**

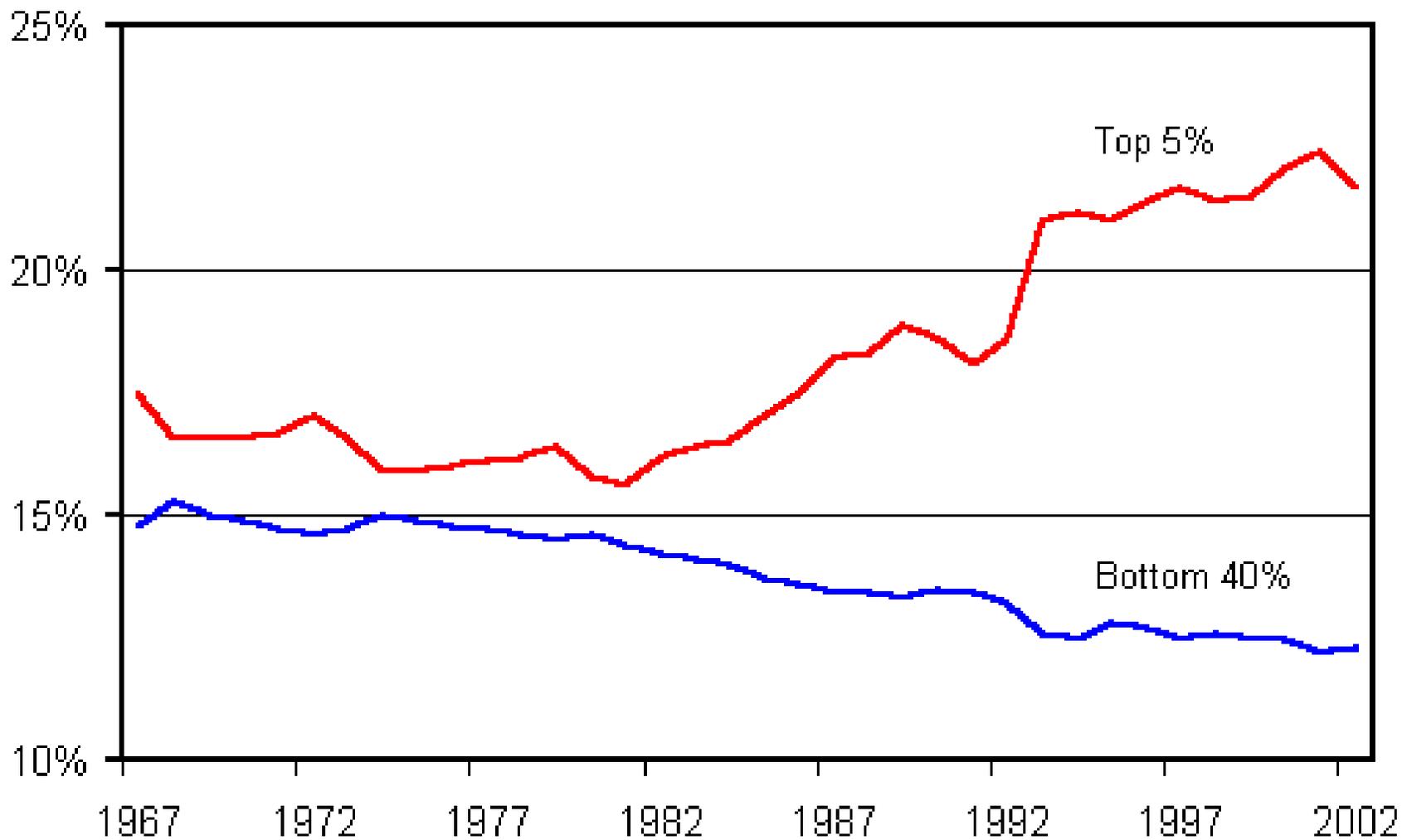


1979-2003

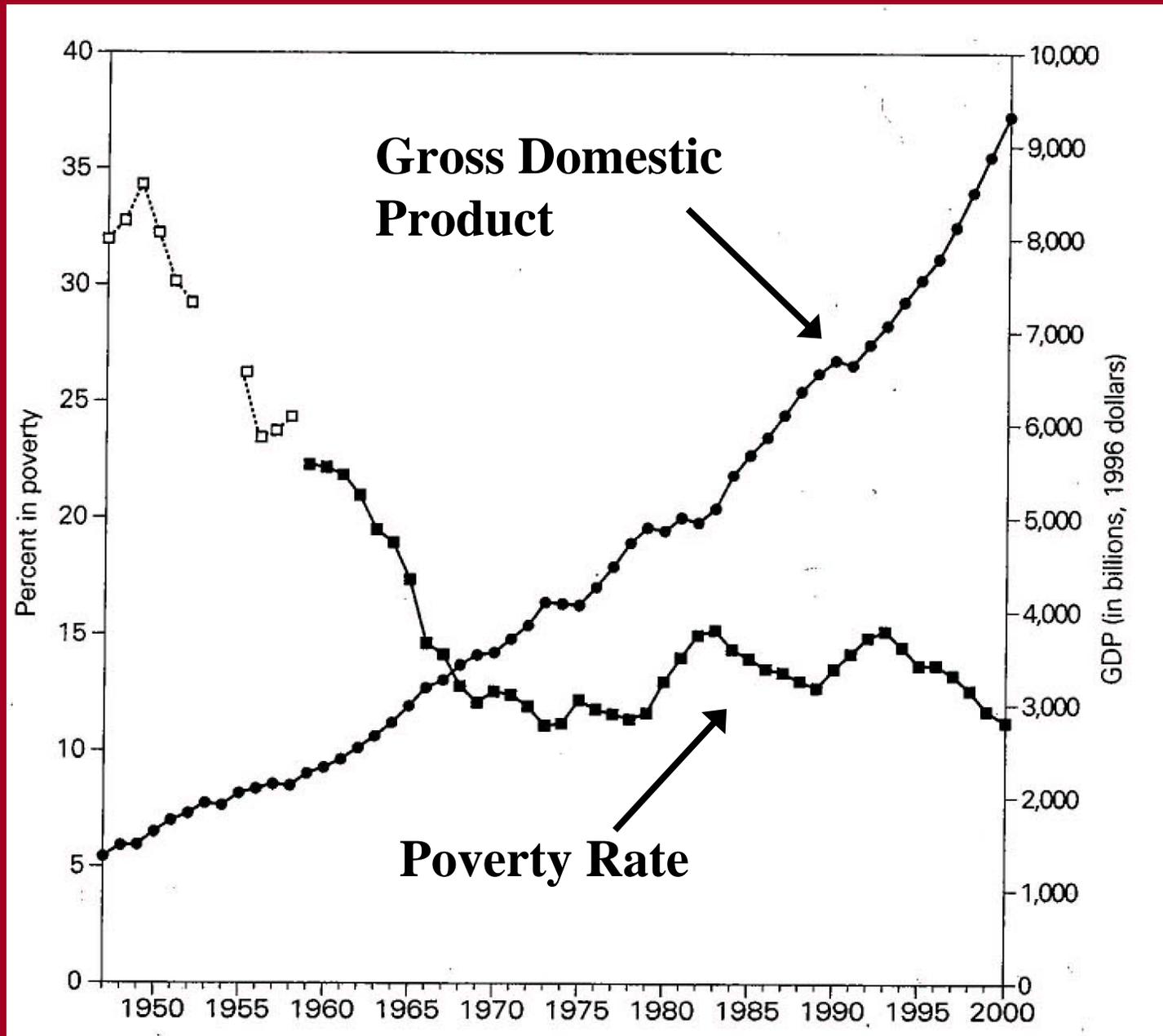
**Drifting Apart:
Change in Family Income, 1979-2001
by Quintile and Top 5%**



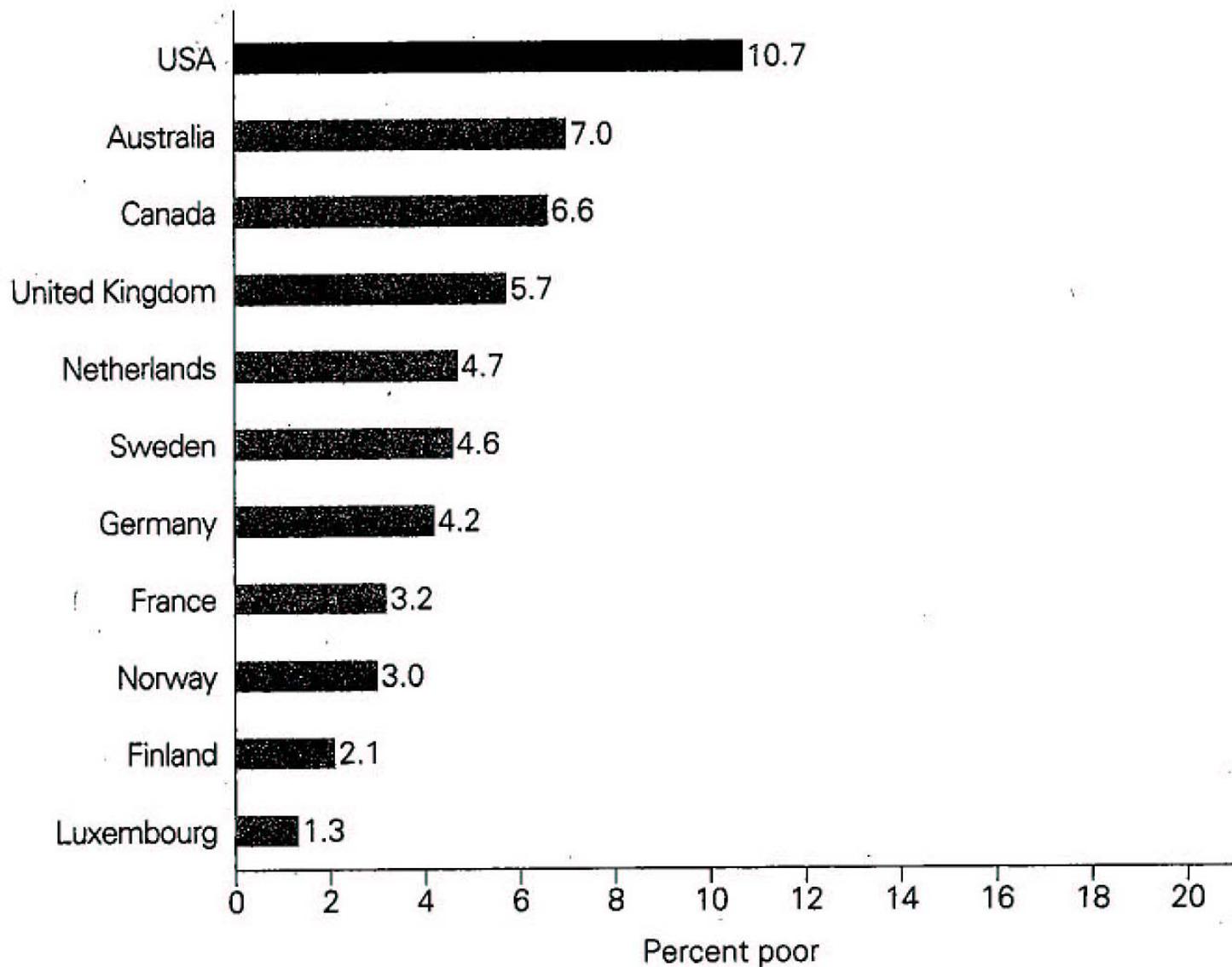
Share of Total household income going to Top % and bottom 40% of households



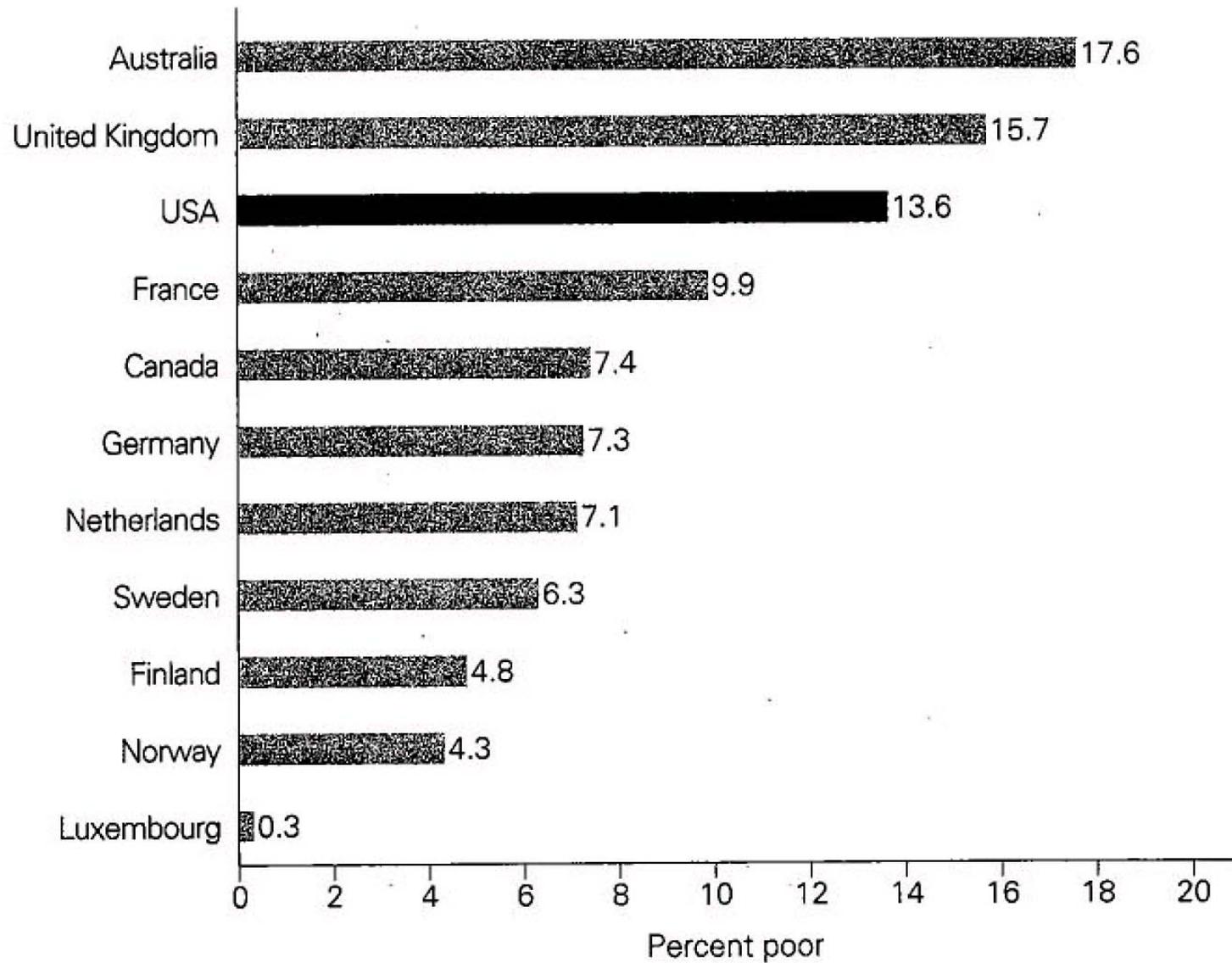
Changes in Poverty Rate and National Income, 1947-2000



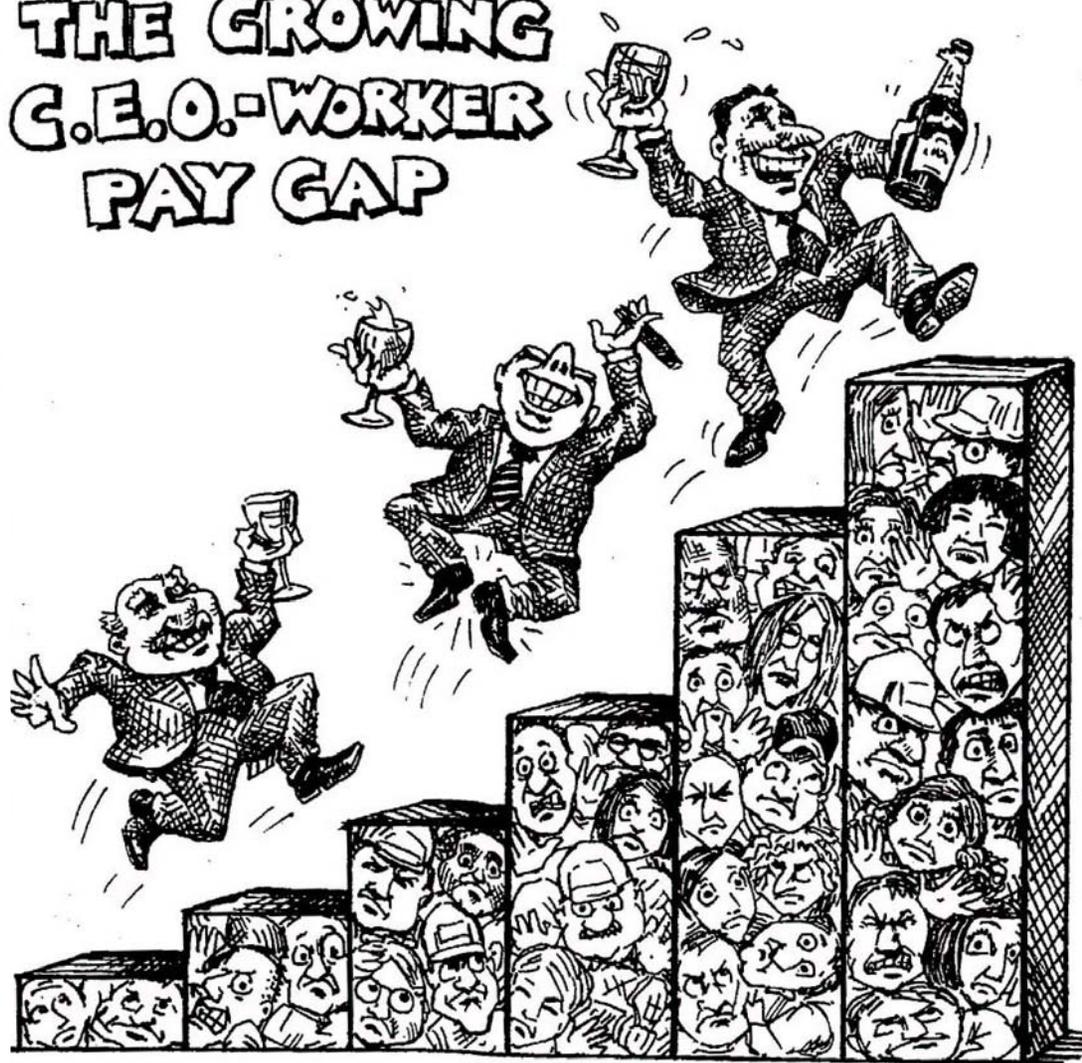
Relative Poverty Rates (% with income < .5 national median)



Absolute Poverty Rates using U.S., "Poverty Line"



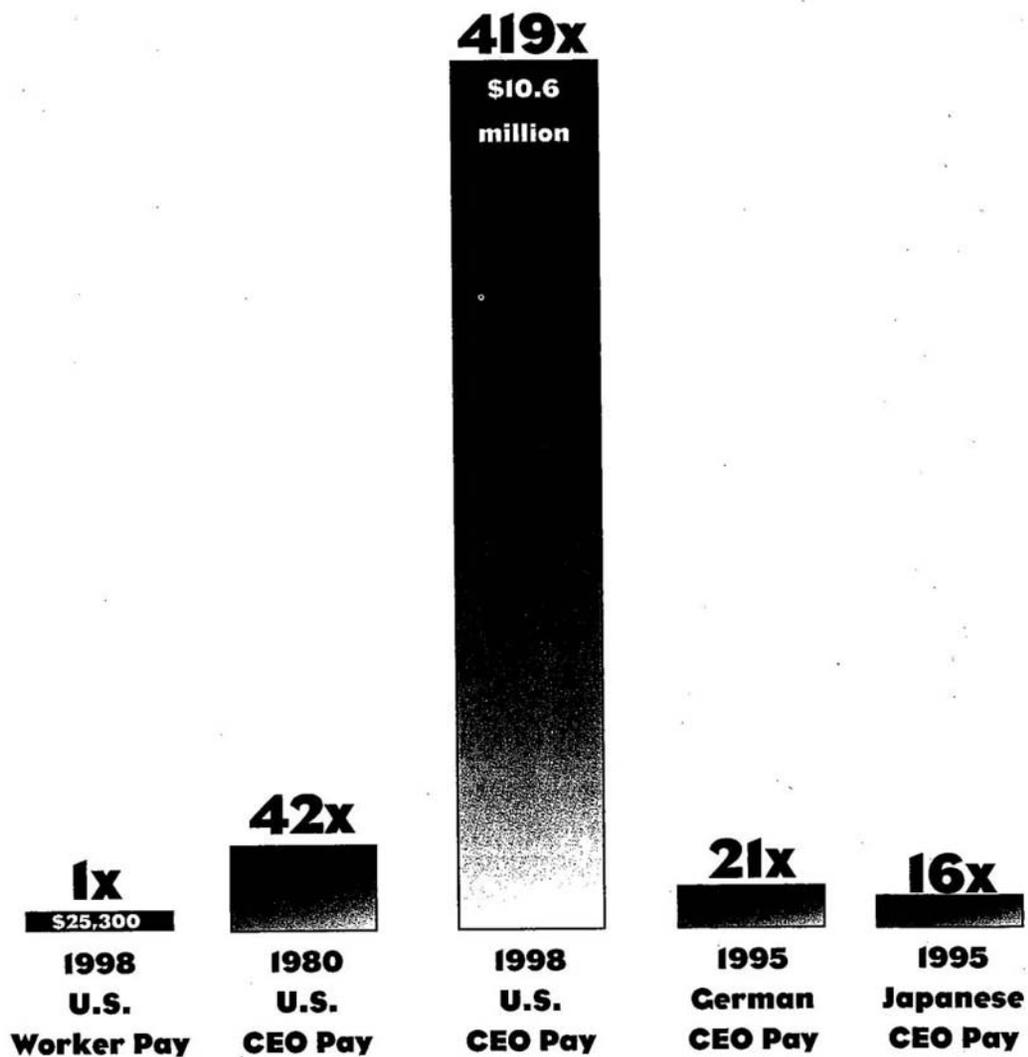
THE GROWING C.E.O.-WORKER PAY GAP



42 WORKERS	85 WORKERS	141 WORKERS	209 WORKERS	326 WORKERS	419 WORKERS
1980	1990	1995	1996	1997	1998

In 1980 the average C.E.O. was paid as much as 42 factory workers. In 1998 the average C.E.O. was paid as much as 419 workers.
(Business Week)

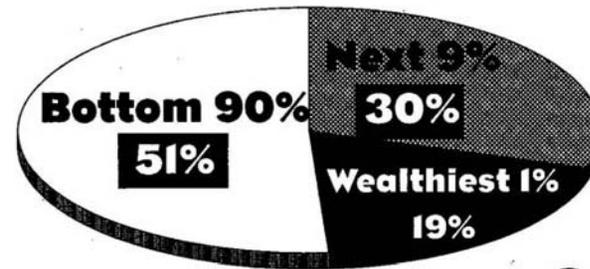
CEO PAY AS A MULTIPLE OF AVERAGE FACTORY WORKER PAY



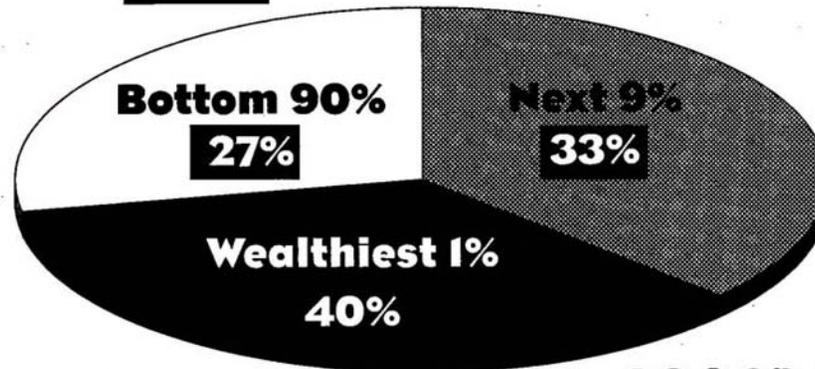
OWNERSHIP OF HOUSEHOLD WEALTH IN THE UNITED STATES

*In only twenty-one years, the top 1% doubled their share of the pie.
The next 9% also gained. The bottom 90% got squeezed.*

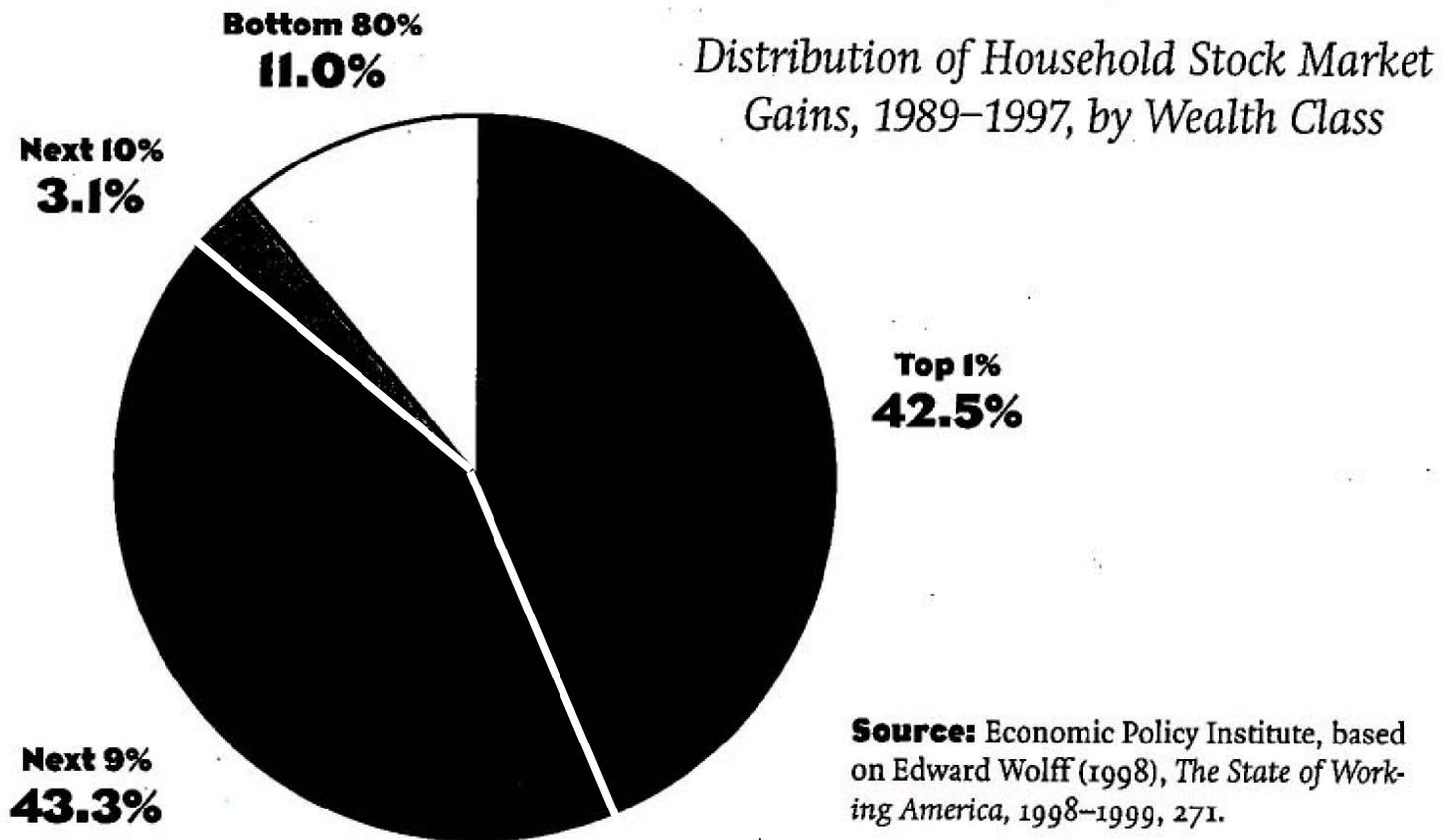
1976



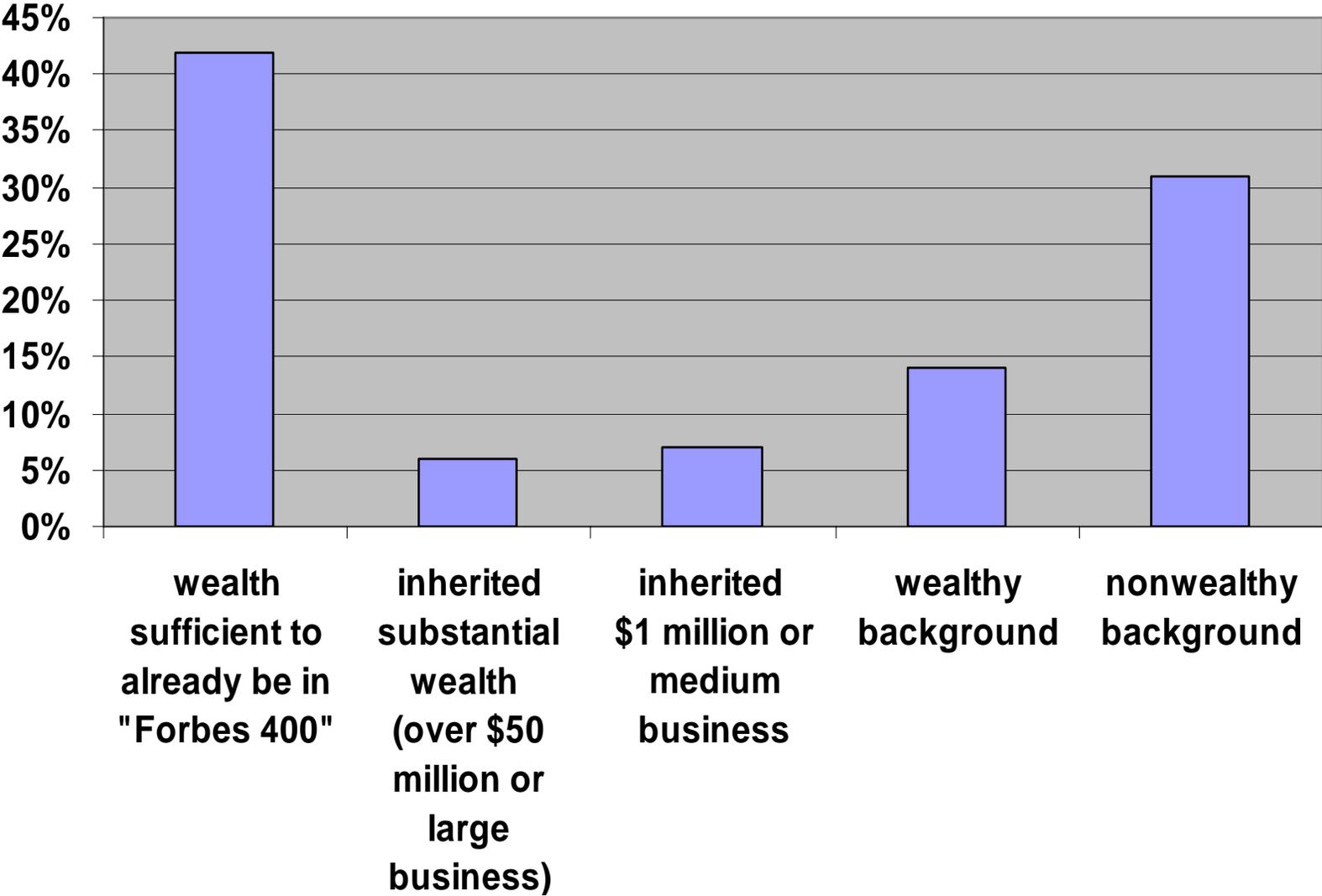
1997



WHO BENEFITED FROM THE STOCK MARKET BOOM?



Class Origins of People in the "Forbes 400" list of wealthiest people in the U.S.



Sociology 125

Lecture 13

Poverty & Inequality

October 23, 2006

Grade Scale for First mid-term:

96-100 = A

91-95 = AB

86-90 = B

81-85 = BC

76-80 = C

71-75 = D

70 = F

Exploitation (once again)

Key question to ask:

You observe inequality in which some people are rich and others are not, and you ask two groups of questions:

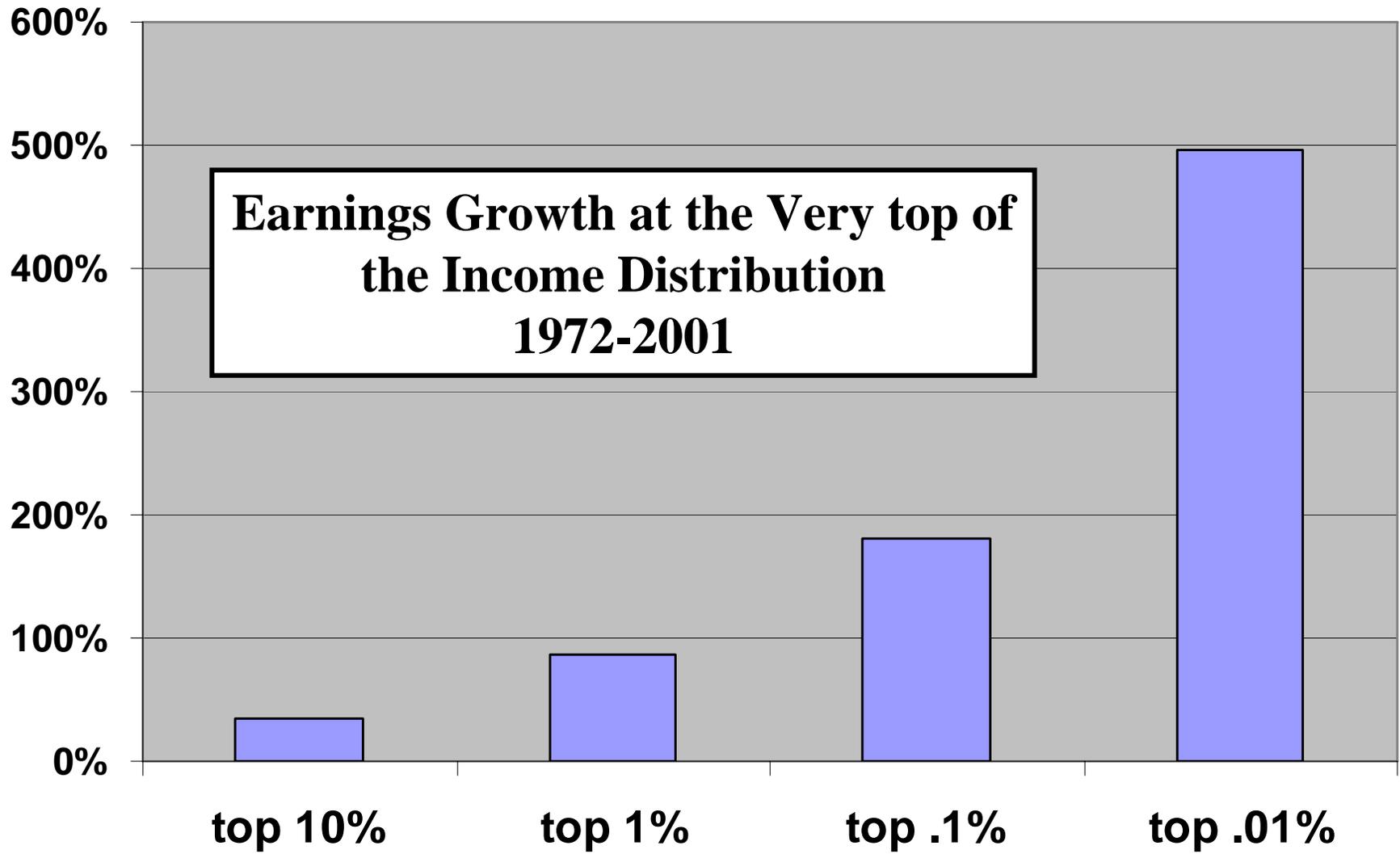
1. Does the affluence and success of people who are well off *causally depend* to a significant extent upon the deprivations and disadvantages of others? Do the rich acquire at least some of their income *at the expense of others, especially the poor*? Are the rich rich in part *because* the poor are poor?
2. Does the economic prosperity of the rich *depend upon the effort* of the poor? To what extent do the rich *need* the poor to work hard?

“Exploitation” identifies situations in which there is a positive answer to both of these question.

The Take-Home message of the “Blame Society” versus “Blame-the-Victim” contrast in explanations of poverty

Purely individualistic explanations of poverty and inequality are never a sufficient explanation even when they have some explanatory power. Poverty in America cannot be explained just by looking at the attributes of the poor.

**Earnings Growth at the Very top of
the Income Distribution
1972-2001**



THREE SOCIAL STRUCTURAL EXPLANATIONS OF INEQUALITY AND POVERTY

- 1. Marginalization**
- 2. Inequality processes *within* labor markets**
- 3. Processes which generate inequality in wealth**

Social Structural causes of inequality and poverty #1: Marginalization

Definition: the process of being excluded from stable participation in the labor force.

Three issues:

- a) Typical immediate reason: lack of adequate employment for people with low skills or with outmoded skills.
- b) This is NOT just a problem of inadequate skill formation. *It is equally a problem of inadequate job creation.*
- c) The consequences of marginalization are intensified because of lack of real safety-net.

Social Structural causes of inequality #2: Inequalities *within* labor markets

a) Two possible systems for connecting wages to jobs:

- 1. *Intense individualized competition***
- 2. *Labor market governed by rules which dampen competition***

b) Intensification of competitiveness (deregulation) leads to increasing inequality because:

- Pay adjustments lead to increasing wage spread**
- Winner-take-all markets**
- Super high pay at top pulls up the near top**
- Collapse of the minimum wage regulation at the bottom**
- Decline in enforcement of anti-sweatshop rules**
- Result = increasing low road employment**

c) Explanation for intensification of competition in the U.S.A.:

- Decline of unions**
- Decline of government regulation**
- Increased global competition**

d) Technological change

Social Structure causes of inequality #3

Increasing wealth inequality

- 1. Difficult for average person to accumulate much wealth through savings.**
- 2. Stagnation of household income since early 1970s means that discretionary income for most people has not grown much.**
- 3. Fantastic rise in employment earnings at high end of market has allowed professionals and managers to turn surplus earnings into capitalist wealth (stocks, bonds, etc.)**