

Chapter 7: Class, income and wealth

1. Read the section which discusses the Marxian and Weberian theories of class in national capitalist economies (see pages 131- 134 of the textbook). Now read each of the paired sentences below and decide which of each two most accurately depicts the ideas developed by these two thinkers.

(a) In Marx's theory the ownership and non-ownership of the means of production (land, machinery, minerals, factory plant, etc.) is the sole determinant of class position.

(b) The fact that workers own their labour power (unlike slaves) means they enjoyed considerable opportunity to escape exploitation by capitalist employers.

(c) Even highly paid managers and professionals working for large private companies should be regarded as part of the proletariat because they do not own the means of creating wealth under capitalism, namely the means of production (as defined above).

(d) The polarization of capitalist societies into two extreme classes - the proletariat and capitalist bourgeoisie – predicted by Marx has not occurred.

(e) As with Marx, Weber's theory of class stratification singled out the economic dimension as the sole determinant of life chances.

(f) For Weber, those social actors who lacked wealth could nevertheless sometimes raise their class position if they could demonstrate a high degree of education and refined cultural tastes.

2. Read pages 134 – 137 of your textbook. There is probably some truth in all of the following statements but some more accurately reflect the theoretical arguments developed by different sociologists than others. Decide which of the following statements are most useful in helping us understand the changing nature of social class during the last fifty years or so.

A. From the 1960s, occupational stratification was regarded by some sociologists as probably the most useful method for understanding class in the advanced industrial economies. This was because:

(i) Work and occupation largely determine income and confer different degrees of status or prestige.

(ii) More people than ever before were part of the paid labour force at a time of full employment.

B. The occupational stratification model was increasingly criticized because:

(i) It neglected the growing role of women in the paid labour force and gave little attention to the reality that many women worked part time, combining employment with domestic work at home.

(ii) It ignored the fact that with the dramatic rise in the proportion of citizens buying their own homes the ownership of key resources was replacing occupation as the source of economic position for many people.

C. In the 1980s some sociologists were persuaded that culture had become the main or one of the main sources of class identity and class position. This was based on the fact that:

(i) More and more people were now working in the media, fashion, entertainment and other cultural industries while industrial employment was declining rapidly.

(ii) The rise of consumerism and the hyperinflation of signs and images meant that people could construct their own personal identities through their lifestyle choices and the latter also conferred social status. It followed that cultural practices shaped by individual choice had become a major way in which class position was determined.

3. Read the section in your textbook on 'inequality between nations' (see pages 137-8) then examine the questions below and determine which ones require a 'no' answer and which a 'yes' response.

(a) Is the rise in inequality apparent only in the USA and UK?

(b) Is it the case that China is managing to achieve very high levels of economic growth without simultaneously generating widening income differentials?

(c) Hasn't it been demonstrated that the richest fifth of American citizens received a rise of 36 per cent in their incomes between the late 1980s and 2006 compared to a rise of only 11 per cent of the poorest people?

(d) Isn't it the case that the levels of inequality apparent in the US in 2005 were considerably lower than those existing in the 1920s just prior to the Wall Street Crash of 1929 and the ensuing Great Depression?

(e) Since the wealthiest individuals living in the USA, UK and elsewhere can afford to pay for health care, schooling and other life essentials out of their own immense personal

resources they surely have little incentive to turn to state welfare (or to agree to contribute to the public purse through taxation in order to pay for these social benefits)?

4. Drawing directly on pages 138-140 of your textbook, fill in the gaps left in the statements below with an appropriate word or phrase.

(a) The Gini Coefficient measures inequalities mathematically along a continuum from 0 to 1 and the _____ this figure the greater is the degree of inequality.

(b) Both household surveys undertaken in many countries and the Gini Coefficient suggest that the level of global inequality reached levels by the 1990s that were ' _____ / _____ ' in world history.

(c) The steepest rise in earnings in recent years has occurred among _____ / _____ and those who worked in large _____ / _____.

5. Towards a world proletariat? (see pages 140 and 141 of the textbook). Here we argue that two vast geopolitical transformations have occurred since 1990: the end of the Cold War followed by the demise of the former Communist Bloc and, second, the increasing intensification of rapid Third World Industrialization (though this began much earlier for some countries). In addition to these, corporations have become increasingly global in their operations through outsourcing, offshore production sites, establishing global supply chains and other means. In short, economic globalization has moved apace.

Here are five phenomena that were directly and indirectly linked to these gigantic changes. We have deliberately jumbled them up. Read the relevant text and decide in which chronological order they should be placed. There might be some room for discussion here.

a. A doubling of the world's labour supply available for capitalist employment.

b. The 'Chindia' factor or China's and India's rapid move towards industrialization and economic growth.

c. The end of the Cold War.

d. The rise of the newly industrializing nations in Asia and South America.

e. Businesses in the advanced economies felt less pressurized into providing strong social benefits for their employees or paying heavy taxes for national welfare.

6. Continuing with the previous theme on the rise of a world proletariat, here are some questions. You can find the answers by carefully reading pages 141 to 143 of your textbook.

- a. What does Standing mean by the 'global casualization and informalization of labour' (see p. 141) and why does he think this process has occurred?
- b. What are the conditions shared by the category of economic actors worldwide who Standing labels the 'precariat'?
- c. On pages 142-143 of the textbook we use the term 'predatory capital' to suggest that since the relative decline of Fordism in the 1980s alongside increasing economic globalization, corporations have become far less responsive to the wider needs of their employees and to the countries where they operate. Write a couple of sentences explaining what additional aspects of predatory capital we allude to during the discussion in this section. Here are some clues: profit maximization strategies; share holders' interests; share values; asset stripping; returns to directors; declining loyalty; long term firm expansion.