CHAPTER 4

Class Privilege

Money is like muck, not good except that it be spread.
—Francis Bacon, English philosopher (1561–1626)

Our inequality materializes our upper class, vulgarizes our middle class, brutalizes our lower class.
—Matthew Arnold, English essayist (1822–1888)

If you can count your money, you don’t have a billion dollars.
—John D. Rockefeller, American oilman (1839–1937)

Americans don’t like to talk about class. The topic smacks of snobbery and elitism and seems sure to offend. To many Americans, talk of class is crass. Besides, most of us claim to be middle class, implying that we’re all in the same mix together, despite evidence to the contrary. The elite medical specialist may wave hello to the security guard on arriving at work, and both may describe themselves as middle class, but the medical specialist may easily earn 10 times as much income as the guard, and their respective worlds may hardly ever intersect except at work. That is one reason Americans are often reluctant to talk about money, at least about our own, relative to that of others. “What do you earn?” is as common a question in China as “What do you do?” is in the United States, but most North Americans would be startled and even embarrassed if a relative stranger asked them how much money they make. Honest answers would quickly point to the reality that “all of us in this together” are really living in very separate financial worlds. Some social scientists have also grown leery of class analysis. Some have suggested that if there is considerable mobility among various financial conditions and many gradations along the way, perhaps we should give up the language of class and just focus on a continuous variable, such as “socioeconomic status” or perhaps just income. Yet others insist that class is as much a key to understanding our social world as it has ever been (Sorensen & Grusky, 1999; Wright, 1997).
According to Marx, the primary class divider is wealth: who owns the means of production. Erik Olin Wright has demonstrated that Marx’s view of class still predicts a great deal of income inequality, especially if we follow Dahrendorf’s idea about authority being as important as property. To Marx’s categories of owners and workers, Wright adds the third category of managers (Wright & Perrone, 1977). These three are the essential aspects of contemporary social relations of production: owners; managers and professional-level employees who don’t own but still command; and the third category, workers, who labor under the power of the first two (Wright, 1985). Weber contended that a social class comprises those who share similar life chances in the marketplace. This may be based on wealth, but it may also include education, occupation, and income.

Class matters. It may be difficult at times to establish clearly the boundary between one social class and another; however, once given the labels, most still recognize the core features of life in the working class, the upper-middle class, and the elite-capitalist class. We seem to recognize crucial class markers readily, even if, as a society, we often deny they exist. In this chapter, we will examine the objective dimensions of social class: wealth, occupation, and income. Later, we will explore the more subjective dimensions of class.

Wealth and Property

**Wealth** is the accumulated property owned by a person or family. A person may have a high income but little wealth if he or she is spending as fast as he or she is earning. Likewise, a person with a low income may have inherited great family wealth. In recent years, some titled British nobles have had to endure the indignity of allowing bus tours of paying tourists to trek through their fabulous family homes because that is the only way they can afford to pay the taxes on those homes, as well as pay the high costs of upkeep and their astronomical utility bills. These British “peers” have inherited great wealth yet have limited incomes and so must find new ways of generating income from their wealth.

For Karl Marx, the key variables in determining social class are an individual’s accumulated private property and his or her relationship to that property. The recent past had been dominated by two groups: landowning elites who passed what they owned on to their children and peasants who worked the land but often did not own it. In such a system, land is wealth. Marx was more interested in the new wealthy, however—the capitalists. They owned the new means of production—factories and great productive enterprises—and earned large returns on this wealth. Members of the laboring class had no wealth and so could receive income only by selling their labor to the wealthy capitalists.

As the case of the “wealthy” but “cash-strapped” British peers shows, the relationships among wealth, income, and well-being have become increasingly complicated. Yet in some ways, little has changed. Members of the wealthy capitalist class are distinguished by the large returns they receive on their accumulated assets: land, corporate stock, and maybe “intellectual property,” such as patents and copyrights.
Microsoft chairman Bill Gates earned a “modest” salary as “chief software architect” but is worth many billions because of his stock holdings. In any profitable year, his stock holdings will increase by many times the value of his salary. This provides him with an “income” of several billion dollars per year, although it is neither taken nor reported as “income” but merely accumulated as ever-greater personal worth, an archaic term for wealth. To a humanitarian, the “personal worth” of Mother Teresa may have been inestimable, but to an economist, her wealth was 1 sari and her “personal worth” a few rupees!

When we think of “the rich,” we may envision famous sports and entertainment stars with multimillion-dollar contracts and fabulous incomes. Yet in any given year, the top earner in the United States is never a sports or entertainment star but rather a “corporate star” whose compensation package, often mostly in stock options rather than salary, is in excess of $50 million or an investor who claimed fabulous profits. In 2007, Miley Cyrus earned $18.2 million, not bad for someone who was 14 at the time. But in the same year, John Paulson, not exactly a household name, received (some may question the term earned) $3.5 billion as a New York hedge fund manager. These figures boggle the mind and dwarf even the finest sports contract. What these CEOs and investors are receiving are returns on accumulated wealth.

Even the richest entertainers don’t move into the billionaire category until they accumulate wealth. Tiger Woods has earned far more from his business interests and sponsorships than from golf tournament prize money; the biggest financial question was whether scandals related to his personal life would cost him sponsorships. The wealthiest black woman in the United States, and perhaps one of the wealthiest women not to have received a large inheritance or survivorship, is Oprah Winfrey. The largest share of her income, however, comes no longer from the six-figure earnings she may receive to do a single show but rather from her $2.8 billion in accumulated wealth, much of it holdings in major media corporations (Forbes, 2013). Owning her own show and starting her production company made her the world’s only black female billionaire. Yet her accumulated wealth may never reach the levels of other lesser-known figures, such as the late Joan Kroc, heir to the McDonald’s fortune, or any one of the family heirs to Sam Walton’s vast Walmart fortune.

The pattern is familiar to any player of the game Monopoly. It is nice to “pass Go” and receive the $200 “salary,” and it's always nice to get a favorable Chance card. But the big money comes from acquiring monopolies and amassing wealth in the form of properties, houses, and hotels. The “rents” or returns on these assets invariably determine the winner of the game.

Wealth is somewhat more fluid today than in the past, when fortunes could be lost overnight but often had to be accumulated over one or more lifetimes. Yet wealth continues to reside primarily in families that have benefited from years or even generations of accumulation. For years, several of the wealthiest people in the United States were members of the Rockefeller and Du Pont families, whose wealth had its origins in old oil and chemical monopolies. For 2012, Bill Gates was again the richest person in America, with an estimated $66 billion in personal assets.
His bridge-playing buddy, investor Warren Buffett, came in second with $46 billion. Larry Ellison of Oracle can claim around $41 billion, enough for third place. Fourth and fifth place go to two brothers, the Koch brothers, Charles and David, who are better known for their heavy spending on conservative political causes than for their diversified business activities. Places 6 through 9 all go to people with the same last name, Walton, and each with a fortune over $26 billion. If Walmart founder Sam Walton were still alive, he would be the world’s wealthiest person, but now his heirs—Jim, Alice, Christy, and S. Robson—all make the top ten list for the United States. Place 10 goes to Michael Bloomberg, billionaire mayor of New York. Place 11 goes to Jeff Bezos of Amazon, and 12 and 13 are shared by the Google guys, Sergey Brin and Larry Page, all with fortunes exceeding $20 billion (Forbes, 2012a).

None of these people, however, can claim to be the richest in the world. For 2012, that title goes to Mexico’s telephone tycoon, Carlos Slim Helú, with an estimated fortune of $69 billion. The son of Lebanese immigrants, he explored many enterprises before making a fortune when Mexico’s telephone service was privatized. Like Bill Gates, he has been accused of monopolistic practices and also lauded as one of the world’s greatest philanthropists, giving billions to his foundation. The world’s-10-richest list also contains Gates, Buffett, and Ellison, but the rest are not Americans. Fourth place goes to Bernard Arnault of France ($41 billion), ahead of Amancio Ortega of Spain, Eike Batista of Brazil, Stefan Persson of Sweden, Li Ka-shing of Hong Kong, and Karl Albrecht of Germany (Forbes, 2012b). These are not household names; they are not the rich and famous; they are just the very, very rich, each commanding more than $25 billion in personal wealth.

The experiences of Bernard Arnault may be typical of the lifestyle we associate with this top echelon of wealth:

France’s richest man lost $9 billion in the past year as shares of his $22 billion (sales) luxury goods group, LVMH Moët Hennessy Louis Vuitton, dropped 29%. Sailing into new waters: bought Princess Yachts, one of Britain’s oldest luxury motorboat manufacturers, last summer; picked up yacht builder Royal van Lent soon after. Via his investment arm, Groupe Arnault, owns French tour operator Go Voyages and has a stake in French retailer Carrefour. Built Le Cheval Blanc in ski resort town of Courchevel, France, where he often likes to spend New Year’s Eve. Also owns 2 wineries with good friend, Belgian billionaire Albert Frere. Father made small fortune in construction; Arnault put up $15 million from that business to buy Christian Dior in 1985. Still a family affair as both son Antoine, 31, and daughter, Delphine, 33, sit on LVMH’s board. Wife is a concert pianist; Arnault himself reported to be an excellent piano player. (Forbes, 2009)

New opportunities can also bring new faces, however. The youngest person on the Forbes billionaire list is Mark Zuckerberg, one of the creators of Facebook, who became a billionaire in his early 20s. In spite of weak stock showings for Facebook, Zuckerberg is still in 36th place in the United States, with close to $10 billion in personal assets. Net wealth can be precarious. John McAfee, the antivirus software
tycoon, saw his net worth drop from $100 million to a mere $4 million and had to sell off some of his luxury properties. Clearly, however, even though this total drop in wealth is staggering, the lifestyle consequences for the very rich are much less dramatic than for ordinary Americans who lost pension funds, retirement and college savings, and home value in the great recession of 2008 (Ehrenreich, 2009).

In the United States, wealth is far more concentrated than is income. The wealthiest 1% of Americans control more of the total wealth of the nation than the bottom 90% combined (see Exhibit 4.1). Although the figures vary slightly from year to year depending on such factors as the state of the stock market, wealth in the United States falls into a fairly neat three-part division: slightly more than one third goes to the wealthiest 1%, the next wealthiest 9% own about one third, and less than a third is left for the remaining 90% of the population. That remaining 90% can be

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**Exhibit 4.1** Pieces of the American Pie: Wealth Distribution

Distribution of U.S. Wealth Ownership, 2010

- 0–50th Percentile: 1.1%
- 50th–90th Percentile: 24.3%
- 99th–100th Percentile: 34.5%
- 90th–99th Percentile: 40.0%

Total Net Worth in U.S.: $42,389,200,000,000

*Source: Federal Reserve Board (2010); Kennickell (2009).*
further divided into halves, with the top half controlling almost all of the remaining wealth and the least wealthy group, almost 45% of the U.S. population, with almost no net assets whatsoever. In fact, those in this last group are ever-more likely to be in debt, and, given that they have few fully owned assets, they have, in fact, “negative wealth.” They may be working hard, they may even have moderate incomes, but in the language of “personal worth,” they are worse than worthless.

How can this be in the age of “penny capitalism” and the rapid expansion of mutual funds? A recent investment advertisement shows “Grandma” looking over her retirement portfolio of mutual funds, essentially shared stock investments, and notes that “the face of capitalism in America has changed.” In reality, it has changed very little. In fact, after declining for a while, the share of total net wealth held by the top 1% has increased steadily since the late 1970s. “Grandma” may indeed now have a stake in the stock market, but unless she is a surviving Du Pont heir or the like, she has hardly joined the capitalist class. With low interest rates that make bank deposits unattractive compared with stocks over the long term, as well as the relative ease of investing through means such as mutual funds, many more Americans are likely to hold shares in corporate assets (stocks and stock funds) today than ever before, but they are also less likely to have large bank accounts, and the share of total assets they hold has not increased.

The bottom 40% to 45% of American households have accumulated almost nothing. If they “own” their homes, that property is in fact heavily mortgaged, and the same is true if they have cars. If they sold all their possessions and paid all their debts, most would have less than $3,000 left over. Many would actually not be able to even pay off their debts. Their solvency is based on their ability to continue to generate enough income to make payments on homes, cars, and credit cards. Those who have no accumulated wealth must depend on regular paychecks. In Marx’s terms, they have nothing to sell but their labor. Recent studies have found that most Americans are less than 3 months of paychecks away from desperation and homelessness. Many in this category are only 1 month’s income ahead of evictions, foreclosures, and repossession. Those in this group have far more possessions, from microwaves to VCRs, than did the so-called popular classes of the past, but this is, in large measure, a result of the easy availability of consumer credit.

The next 40% to 45% are the savers. They are more likely to own their homes and to have accumulated some equity in that property. In fact, the accumulated equity in their homes is likely to be their largest asset. They are also quite likely to have some retirement savings. They may even have some personal property of significant value, such as debt-free cars or campers. These may be older working-class families that have slowly accumulated savings and equity and have not faced major financial crises, such as expensive illness or sudden unemployment. This group also includes many middle-class savers who have been able to save a portion of their discretionary income as a nest egg. Some are saving toward retirement, and many others are saving in anticipation of their children’s college expenses.

The upper 10% are the investors. They typically have planned portfolios of investments that include stocks, bonds, and other investments selected to provide likely growth, protection from taxes, and stable accumulation over time. Many of
these are upper-middle-class earners who still depend on high salaries but are eager to protect these salaries from taxes and to plan for a comfortable future for themselves and their children. Of this group, only the top 1% have the truly large investments that allow them to control corporate activities, hold large quantities of investment real estate, and invest in major business ventures. This latter group depends on returns on assets—growth, dividends, profits, rentals, and profitable sales and mergers—for the largest part of incomes that often exceed $1 million (see Gilbert, 2011; Gilbert & Kahl, 1982). If the value of one’s own home is not included in wealth calculations but only the value of other investments, the share going to the top 1% increases from 34% to a massive 42% of the national wealth accumulation (Domhoff, 2005/2009).

Wealth begets wealth. The wealth of the investor class may buy elite college educations that will help ensure that the children of this class enjoy a similar position. The wealth of the top 1% of the capitalist class may generate returns for heirs for many generations. Income-generating talent may show up in surprising places, but wealth holds to elite families. In this way, wealth is by its very nature conservative: It helps ensure that through the reinvestment of assets, which will in turn bring new assets, the rich will indeed become richer. It ensures that those near the bottom will be called on to spend almost all of their incomes and that any wealth they may acquire, such as an aging automobile or an aging house in a vulnerable neighborhood, will more likely depreciate than increase in value, and the poor will get nowhere.

The conservative nature of wealth can also undermine progressive social changes. Many African Americans, for example, have made substantial gains in both occupation and income since the beginning of the 1960s. Because they are the first generation to “make it” to middle-class positions, however, they have little accumulated wealth. Oprah Winfrey and Michael Jordan notwithstanding, a huge gap remains between “white wealth” and “black wealth” (Oliver & Shapiro, 1995). This means that the members of the new black middle classes are very vulnerable. If they are “downsized” or face some other unexpected downturn in fortunes, they have little personal or family wealth to fall back on. They also have less to pass on to their children to continue and expand on the progress they have made. Whatever the personal talents, vulnerability to losses and lack of cumulative gains can make progress very slow and uncertain.

**Occupation**

Most of us obtain our incomes not through returns on assets but through occupation, the work we do for compensation. Our occupations also have a big effect on the people we associate with, our lifestyles, our standing in our communities, and maybe even our values and outlooks.

Around the world, the occupational distribution of the labor force is continuing to change at a remarkable rate. Before 1700, the vast majority of people in the great agrarian societies of Europe and Asia were peasant farmers. The cities and towns held a few officials and merchants and various craftsmen and artisans, but these
were never more than 10% to 20% of the total population, sometimes less. As cities and towns grew and diversified in the late Middle Ages, more people left the hardships of the land for the uncertainties of the cities. Cities and towns helped absorb the growing population that would eventually outstrip what the land could support. They offered a place of escape from ravaging armies and from brutal landlords. They also collected the landless and the displaced, who came to find whatever livelihood they could.

With industrialization, the trickle from the land to the cities became a movement, both voluntary and forced. As Great Britain surged into the industrial era in the mid-1700s, new mills needed more workers to spin, weave, sew, haul, and ultimately export textiles. As water power gave way to steam, people were needed to work the mines to fuel the coal fires of London, Liverpool, and Birmingham. By and large, these workers came from the land. Conveniently, ever-more land was needed to raise the sheep that would provide the vast quantities of wool that could now be processed. Clearances drove small farmers from their land to make room for sheep. The newly displaced families could emigrate abroad, often first to Ireland and later to the American colonies, or they could work in the mills. Many did the latter. Whole families that had worked together were displaced, and whole families often went to work in industry, although not always together. The small stature of boys was especially valued in the crowded mines, and many followed their fathers into this profession or replaced lung-diseased fathers who could no longer work. Women’s nimble fingers were valued in the delicate work of sewing, and many women, especially young women, found this as available employment, setting a trend of young women in textile work that still continues around the world, from Nike plants in Indonesia to immigrant-filled stitching shops in New York (Waldinger, 1986; Waldinger & Lichter, 2003).

Not all of the new workers crowded into cities at first. Cottage industries—which were just that, sometimes located in peasant cottages—provided some employment, especially where little technology was needed. The use of water power kept early industry dispersed as well, for it had to remain close to the key waterways, which provided both power and transport. With the advent of steam power, however, bigger factories were possible, as was rail transport, which worked most efficiently from key rail centers and hubs. Cities grew rapidly. By the early to mid-1800s, workers were leaving agrarian trades across the United States to find work in more urban areas, first in the mill towns of New England and then in the great new industrial cities, such as Baltimore and Pittsburgh and, somewhat later, Memphis and Birmingham. They paralleled the movement of French and German workers about the same time. By century’s end, the Japanese were quickly following the pattern, pulling people from rice fields to work in coal mines and in great industrial centers served by European-style railroads. The Industrial Revolution had become a worldwide phenomenon.

The 20th century saw the high tide of heavy smokestack industry and its promise: more products and faster production than anyone ever could have imagined. It also saw the evils of the industrial age: a legacy of workers too poor to share in the abundance, horrific industrial pollution that blackened the skies and poisoned
the soil and water, the particular vulnerability of urban industrial populations during economic depressions, and the horrors of industrial war fought on a global scale. The exodus from the land continued, but by midcentury, new occupations were being created in large numbers. Someone had to keep track of all this production, and clerical work expanded from the desk clerks of Bob Cratchit’s time to great accounting firms and “stenographic pools.” Someone else had to manage and coordinate the efforts of all these new workers, fix their machines, and design better ones. As urban industrial workers were far less self-sufficient than their rural grandparents, new service workers were needed. All these new products had to be marketed and delivered, and retail sales positions expanded. At the same time, governments grew as they tried to encourage prosperity, fend off economic depression, and grapple with the ills that accompany an industrial world. Service-related work, both professional and menial, grew rapidly in the advanced industrial countries.

During the second half of the 20th century, another trend was well under way: deindustrialization. The shifts from coal to electric power, from rail to air and truck, from clumsy cargo ship to giant container ship, from products forged from steel to those based on plastics and microchips, all made industry more mobile. Plants could locate where labor was the cheapest. The logical strategy became apparent to these new managers and accountants and to the asset-holding capitalists they served: a new international division of labor. Design, engineering, sales, service, and marketing would be done in the home country close to the consumers and sources of financing and expertise, while the labor-intensive work of stitching and soldering, and especially of assembly, would be transferred to accessible locations where labor costs were low. Many of these locations are now experiencing a continued shift from agricultural to industrial occupations as their workers leave the land for the new industry. As before, this is sometimes voluntary and sometimes forced, and many groups are left vulnerable, especially older men, who may not be considered desirable workers, and young women and even children, who may be highly desired workers yet are poorly paid. Meanwhile, in the now “postindustrial” countries, the industrial workforce fears plant closings and may be forced to shift to either service-related work or new light industries, both of which may pay much less than the unionized work of the peak industrial boom.

The United States has seen a dramatic decline in farm labor. This trend continues although it can no longer be described as a dramatic shift in the workforce as a whole, given that there are already so few farmers and farm workers. Less than 3% of the U.S. labor force is now working in agriculture (although a much higher percentage of workers are employed in industries that transform agricultural products: potatoes into French fries, corn into ethanol, sunflowers into vegetable oil, and so forth). This is in large measure a result of the combination of the forces of capitalism and industrialization.

Agribusiness uses large amounts of investment capital coupled with large expanses of land to mass-produce agricultural products for a carefully media-cultivated consumer market. This production is supported by a number of technological interventions: mechanical interventions, such as large, specialized machinery;
chemical interventions, such as fertilizers, pesticides, and herbicides; and biological interventions, including new hybrid seed varieties and genetically altered varieties. The high expenses of agribusiness operations are repaid by huge economies of scale. To produce vast amounts of goods to be shipped to countries all around the world, companies must make enormous investments, and this gives the advantage to large corporate producers over small producers. Around the world, small farmers are being displaced by American and European agribusiness corporations that rely on economies of scale to enable them to export vast amounts of desired products: peanut oil from West Africa; bananas, sugar, and coffee from Central America and the Caribbean; pineapple and tropical fruit from East Africa and the Pacific. Often, these countries then in turn need to import food to feed their growing urban populations, food that is likely to include grains grown by agribusiness in North America, Australia, and other temperate locales.

Economists find an overall efficiency in this system. Indeed, world hunger is declining, although slowly, and great famines such as those that occurred in the agrarian past are fewer (Food and Agriculture Organization of the United Nations, 2000). At the same time, many farmers have been displaced. Again, economic benefits can result from such change: One reason so many goods and services are available in the United States is that so little of the U.S. population is engaged in basic food production. The social costs of this trend, however, have also been considerable, as family farms and family homes have been lost, and the rural communities they supported are likely to fall into decline unless they can become new bedroom communities to sprawling metropolitan regions.

The steep decline in agricultural jobs in the United States over the 20th century was paralleled by an equally steep increase in white-collar occupations (see Exhibit 4.2). My own family’s experience is typical: from farm to factory to white-collar (well, maybe turtleneck in my case) profession in three generations. The growth of white-collar employment has been one of the hallmarks of the changing American class structure over the past century (Mills, 1951). The nature of white-collar workers has also changed. In their classic study of Middletown (Muncie, Indiana), Lynd and Lynd (1929) noted that most white-collar workers early in the 20th century were self-employed professionals and businesspeople (primarily businessmen): dentists, physicians, private attorneys, small shopkeepers. By midcentury, this had changed. The growing white-collar workforce was still largely male, but it increasingly included examples of the kind of worker Whyte (1956) labeled the organization man—employees of large businesses and sometimes huge corporations.

It is interesting to note that by century’s end, a trend in the other direction had begun. Large corporations were downsizing their managerial ranks, and more people were becoming free agents, doing consulting or contract work from home or moving from firm to firm, looking for new opportunities or just in desperation to secure professional employment. It remains to be seen whether this trend will continue, but the definition of white-collar work does seem to be changing to accommodate a new social contract (Rubin, 1996) in which long-term commitments between employer and employee are replaced by temporary and flexible arrangements. Some white-collar workers, like some free agents in the world of
professional sports, have profited greatly from such arrangements, but others have lost jobs that they will never be able to replace in terms of income or quality (Newman, 1988). Likewise, the new arrangements have been positive for some families, allowing them greater flexibility as they try to meet the demands of both work and home life, but negative for others, creating new stresses as they try to balance several competing occupations and work commitments to maintain what they have come to see as the white-collar lifestyle.

Employment arrangements have also shifted as the composition of the white-collar workforce has shifted, with women making up an ever-larger share of this group. All professions have seen increasing proportions of female workers, but this shift has taken place more quickly in professions that require verbal and managerial skills than in those requiring technical and quantitative skills. Almost half of all new law school graduates are now women, for example, but only a small proportion of engineering graduates are female. Old patterns also persist among new trends: There are many more female physicians today than in the past, but they tend to be concentrated in family-related specialties, such as pediatrics and obstetrics, whereas some of the highest-paying specialties, such as general surgery and cardiology, are

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Source: Gilbert (2008); U.S. Census Bureau (1976); U.S. Department of Labor (2001).
still largely male. Substantial growth has also taken place in the proportion of white-collar professionals who are nonwhite. Asian Americans, Hispanic Americans, and African Americans are all represented in this population in increasing numbers. Gains for African Americans since the 1960s have been particularly dramatic, although this group is still underrepresented, and some African Americans who achieve professional success must face alienation from their home communities as well as suspicion and isolation from their professional colleagues (Cose, 1993).

The trend line for blue-collar employment is less clear. After rising during the early decades of the 20th century, it dipped during the Depression in the 1930s and then recovered during World War II, peaked about 1950 (although at levels roughly proportionate to 1920), and then began a decline that has become steeper with each decade. This is a graphic depiction of American deindustrialization. A similar trend can be plotted for Europe, although the devastations of war and its aftermath began the decline there even earlier. It is interesting to note that the trend is similar for some middle-income “industrializing” countries. One might suppose that the flight of industry to south of the U.S.–Mexico border would mean a great increase in Mexican industrial employment to accompany the U.S. losses, but this is not the case. Mexican industrial employment also increased until 1920 and then leveled off before some recent declines. Mexican gains in border industry employment, mostly involving young workers, especially young women (Fernández-Kelly, 1983; Peña, 1997), as well as employment in a handful of plants established by Japanese, American, and European companies (such as Nissan, Ford, and Volkswagen), have been matched by losses in local heavy industry (Sernau, 1994). The total Mexican blue-collar workforce has not increased; it has merely shifted: The muscle-bound laborer of Diego Rivera’s murals has given way to a tired-eyed young woman under the watchful eye of a clipboard-carrying engineer.

U.S. industry has also shifted. Significant production still takes place within the boundaries of the United States, but it is much less likely now to be found in a large brick building in a midwestern central city with a unionized workforce. Instead, it is likely to take place in a single-floor, warehouse-type structure constructed of sheet metal (maybe with a brick facade for the front door) along a major highway on the edge of a growing city in the South or the West. The products are likely to be lightweight, frequently changed or adjusted to meet consumer demand or shifting orders, and probably shipped by truck or air. The typical workforce is almost half female, half black and Latino, and largely nonunionized.

A blue-collar worker in my home city of South Bend, Indiana, will find nothing but hollow brick shells in the old industrial corridor on the west side. Neighborhoods once filled with Polish immigrant industrial workers have given way to low-income African American renters and new Latino immigrants. The Studebaker plant closed in 1963, and Oliver Plow Works merged with larger agribusiness firms and left. If the new residents want automotive industrial employment, they will need to travel to a suburban location where AM General builds Humvees for the U.S. Army (a contract that would be politically unpopular to export) and is now leveling houses to build a bigger one-story plant to produce a new Humvee sport utility vehicle (don’t try to fight it for a parking space at the PTA meeting!) that is popular
with the more prosperous. New labor migrants now travel to neighboring Elkhart
to work in the recreational vehicle industry in nonunion jobs that pay about $9 an
hour; this industry currently employs a workforce that is 50% Mexican American.
In a neighboring small city, Biomet builds hips and kneecaps and spinal rods for the
custom orders of orthopedic surgeons. Biomet is also a nonunion employer, but it
promises to advance workers who are skilled and patient. Repeated across the
country, this is the new face of blue-collar employment.

The decline in blue-collar employment is matched by a corresponding increase
in nonprofessional service sector work. This includes low-wage and often female-
dominated employment in clerical work and personal services. These have been
dubbed “pink-collar” jobs: The people who hold them are secretaries and data entry
clerks, nurses’ assistants, home health aides, and retail workers in big-box, one-
story suburban marts. The largest employers in South Bend are now the hospitals
and the universities, and I often meet my students when I shop in the stores where
they work on an ever-growing strip that starts with Kmart and leads on to Walmart,
Home Depot, and many others. Along with these jobs, and including more men, are
the “green-collar” jobs. These workers clean offices, medical facilities, and stores;
change the oil in our cars in 10 minutes or less; and do many of the other manual
service tasks of modern urban America. It may be unfair to term any of these jobs
“unskilled”—anyone who can read a physician’s handwriting or do anything to help
maintain a car in less than 10 minutes is not unskilled—but these are quickly
learned, low-investment, low-wage jobs. Coupled with these are the “burgundy-
collar” fast-food jobs that provide first employment for many young people and,
increasingly, supplemental or last-resort employment for the elderly, part-time
homemakers, and others. Analysts project continued increases in the numbers of
such jobs (see Exhibit 4.3).

Current projections concerning job growth offer reasons for both optimism and
pessimism. Overall, the U.S. economy has created new jobs to replace those that are
disappearing. The quality of these jobs has varied greatly, however, with substantial
growth in the no-benefits, low-wage portion of the service sector. The good news,
especially for college students working on graduate and undergraduate degrees, is
the anticipated growth in the white-collar professions. Continuing technological
development and expansion, coupled with an aging population that will be retiring
and then needing health care, means continued job growth for the skilled and the
degreed. Yet we must not overlook the underside to this growth. There will also be
continued and growing need for routinized workers: more nurses’ assistants and
health care aides than physicians, more data entry clerks than systems analysts, as
well as people to clean and guard the offices of the managerial class. Two key ques-
tions for the beginning of this century are how we will fill these positions and how
we will properly compensate the people who do the work. The cry has gone out for
more skilled workers, yet we must also face the question, Who will do all the low-
skill, low-wage work left over? The uncomfortable fact is that, as a society, we are
dependent on people who have few options—immigrants (both legal and illegal),
the poorly educated, and the ill prepared—to do the service work that cannot be
automated (see Exhibit 4.4).
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total, all occupations</td>
<td>145,355.8</td>
<td>160,983.7</td>
<td>15,628.0</td>
<td>10.8</td>
<td>$34,750</td>
</tr>
<tr>
<td>Personal care aides</td>
<td>1,190.6</td>
<td>1,771.4</td>
<td>580.8</td>
<td>48.8</td>
<td>19,910</td>
</tr>
<tr>
<td>Registered nurses</td>
<td>2,711.5</td>
<td>3,238.4</td>
<td>526.8</td>
<td>19.4</td>
<td>65,470</td>
</tr>
<tr>
<td>Retail salespersons</td>
<td>4,447.0</td>
<td>4,881.7</td>
<td>434.7</td>
<td>9.8</td>
<td>21,110</td>
</tr>
<tr>
<td>Home health aides</td>
<td>875.1</td>
<td>1,299.3</td>
<td>424.2</td>
<td>48.5</td>
<td>20,820</td>
</tr>
<tr>
<td>Combined food preparation and serving workers, including fast food</td>
<td>2,969.3</td>
<td>3,391.2</td>
<td>421.9</td>
<td>14.2</td>
<td>18,260</td>
</tr>
<tr>
<td>Nursing assistants</td>
<td>1,479.8</td>
<td>1,792.0</td>
<td>312.2</td>
<td>21.1</td>
<td>24,420</td>
</tr>
<tr>
<td>Secretaries and administrative assistants, except legal, medical, and executive</td>
<td>2,324.4</td>
<td>2,632.3</td>
<td>307.8</td>
<td>13.2</td>
<td>32,410</td>
</tr>
<tr>
<td>Customer service representatives</td>
<td>2,362.8</td>
<td>2,661.4</td>
<td>298.7</td>
<td>12.6</td>
<td>30,580</td>
</tr>
<tr>
<td>Janitors and cleaners, except maids and housekeeping cleaners</td>
<td>2,324.0</td>
<td>2,604.0</td>
<td>280.0</td>
<td>12.1</td>
<td>22,320</td>
</tr>
<tr>
<td>Construction laborers</td>
<td>1,071.1</td>
<td>1,331.0</td>
<td>259.8</td>
<td>24.3</td>
<td>29,990</td>
</tr>
<tr>
<td>General and operations managers</td>
<td>1,972.7</td>
<td>2,216.8</td>
<td>244.1</td>
<td>12.4</td>
<td>95,440</td>
</tr>
<tr>
<td>Laborers and freight, stock, and material movers, hand</td>
<td>2,197.3</td>
<td>2,439.2</td>
<td>241.9</td>
<td>11.0</td>
<td>23,890</td>
</tr>
<tr>
<td>Carpenters</td>
<td>901.2</td>
<td>1,119.4</td>
<td>218.2</td>
<td>24.2</td>
<td>39,940</td>
</tr>
<tr>
<td>Bookkeeping, accounting, and auditing clerks</td>
<td>1,799.8</td>
<td>2,004.5</td>
<td>204.6</td>
<td>11.4</td>
<td>35,170</td>
</tr>
<tr>
<td>Heavy and tractor-trailer truck drivers</td>
<td>1,701.5</td>
<td>1,894.1</td>
<td>192.6</td>
<td>11.3</td>
<td>38,200</td>
</tr>
<tr>
<td>Medical secretaries</td>
<td>525.6</td>
<td>714.9</td>
<td>189.2</td>
<td>36.0</td>
<td>31,350</td>
</tr>
<tr>
<td>---------------------------------------------</td>
<td>------------</td>
<td>-------------------</td>
<td>--------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Child care workers</td>
<td>39-9011</td>
<td>1,312.7 1,496.8</td>
<td>184.1 14.0 19,510</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office clerks, general</td>
<td>43-9061</td>
<td>2,983.5 3,167.6</td>
<td>184.1 6.2 27,470</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maids and housekeeping cleaners</td>
<td>37-2012</td>
<td>1,434.6 1,618.0</td>
<td>183.4 12.8 19,570</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Licensed practical and licensed vocational nurses</td>
<td>29-2061</td>
<td>738.4 921.3</td>
<td>182.9 24.8 41,540</td>
<td></td>
<td></td>
</tr>
<tr>
<td>First-line supervisors of office and administrative support workers</td>
<td>43-1011</td>
<td>1,418.1 1,589.6</td>
<td>171.5 12.1 49,330</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Elementary schoolteachers, except special education</td>
<td>25-2021</td>
<td>1,361.2 1,529.1</td>
<td>167.9 12.3 53,400</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accountants and auditors</td>
<td>13-2011</td>
<td>1,275.4 1,442.2</td>
<td>166.7 13.1 63,550</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medical assistants</td>
<td>31-9092</td>
<td>560.8 723.7</td>
<td>162.9 29.0 29,370</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cooks, restaurant</td>
<td>35-2014</td>
<td>1,024.1 1,174.2</td>
<td>150.1 14.7 22,030</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Software developers, applications</td>
<td>15-1132</td>
<td>613.0 752.9</td>
<td>139.9 22.8 90,060</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Landscapers and grounds keepers</td>
<td>37-3011</td>
<td>1,124.9 1,264.0</td>
<td>139.2 12.4 23,570</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receptionists and information clerks</td>
<td>43-4171</td>
<td>1,006.7 1,142.6</td>
<td>135.9 13.5 25,990</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management analysts</td>
<td>13-1111</td>
<td>718.7 852.5</td>
<td>133.8 18.6 78,600</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales representatives, wholesale and manufacturing, except technical and scientific products</td>
<td>41-4012</td>
<td>1,480.7 1,612.8</td>
<td>132.0 8.9 54,230</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


Exhibit 4.4  Occupations With the Lowest Wages

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Wage Distribution</th>
<th>Number Employed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Combined Food Preparation and Serving Workers, Including Fast Food</td>
<td>$8.50 - $8.60</td>
<td>2,943,810</td>
</tr>
<tr>
<td>Shampooers</td>
<td>$8.60 - $8.70</td>
<td>13,570</td>
</tr>
<tr>
<td>Cooks, Fast Food</td>
<td>$8.70 - $8.80</td>
<td>504,740</td>
</tr>
<tr>
<td>Dishwashers</td>
<td>$8.80 - $8.90</td>
<td>501,910</td>
</tr>
<tr>
<td>Dining Room and Cafeteria Attendants and Bartender Helpers</td>
<td>$8.90 - $9.00</td>
<td>395,750</td>
</tr>
<tr>
<td>Waiters and Waitresses</td>
<td>$9.00 - $9.10</td>
<td>2,332,020</td>
</tr>
<tr>
<td>Counter Attendants—Cafeteria, Food Concession, and Coffee Shop</td>
<td>$9.10 - $9.20</td>
<td>434,220</td>
</tr>
<tr>
<td>Hosts and Hostesses—Restaurant, Lounge, and Coffee Shop</td>
<td>$9.20 - $9.30</td>
<td>341,400</td>
</tr>
<tr>
<td>Gaming Dealers</td>
<td>$9.30 - $9.40</td>
<td>98,310</td>
</tr>
<tr>
<td>Farmworkers and Laborers—Crop, Nursery, and Greenhouse</td>
<td></td>
<td>253,670</td>
</tr>
<tr>
<td>Amusement and Recreation Attendants</td>
<td></td>
<td>256,400</td>
</tr>
<tr>
<td>Ushers, Lobby Attendants, and Ticket Takers</td>
<td></td>
<td>106,860</td>
</tr>
<tr>
<td>Models</td>
<td></td>
<td>4,330</td>
</tr>
<tr>
<td>Bartenders</td>
<td></td>
<td>538,220</td>
</tr>
<tr>
<td>Lifeguards, Ski Patrol, and Other Recreational Protective Service Workers</td>
<td></td>
<td>125,770</td>
</tr>
<tr>
<td>Cashiers</td>
<td></td>
<td>3,314,010</td>
</tr>
<tr>
<td>Locker Room, Coatroom, and Dressing Room Attendants</td>
<td></td>
<td>19,190</td>
</tr>
<tr>
<td>Graders and Sorters, Agricultural Products</td>
<td></td>
<td>39,060</td>
</tr>
<tr>
<td>Manicurists and Pedicurists</td>
<td></td>
<td>62,330</td>
</tr>
<tr>
<td>Food Preparation Workers</td>
<td></td>
<td>785,370</td>
</tr>
</tbody>
</table>

Note: The median wage is the wage where half the workers in the occupation earn more and half earn less.

People in other times and places may have looked to family background or even inherited title as the key class divider, but Americans today are likely to think first of income. **Personal earnings** consist of the money an individual receives in wages, commissions, and tips for work performed. Personal earnings are a good measure to use in considering returns on work, but a focus on personal earnings misses people who may be out of the workforce. **Family income** is the total amount of money coming into a family unit. Because the U.S. Bureau of the Census collects data by households, which are based on place of residence, the family income figure is often referred to as **household income**. The choice of which measure is best depends on the questions being asked. For example, an examination of differences in wages between men and women needs to focus on personal earnings because many men and women share households and mingle their incomes. On the other hand, an examination of the well-being of children needs to focus on family income rather than on the children's earnings. Some differences are more subtle; for instance, gaps between blacks and whites are larger for family income than for personal earnings (because there are fewer wage earners in the average black household), whereas Asian Americans do better than white Americans on family income measures (in large measure because there tend to be more wage earners in Asian American households) but lag in personal earnings. Household income is the measure most often used because data on household income are readily available from the Census Bureau, which provides periodic updates.

What does the distribution of household income in the United States look like? Some who describe the country as a “middle-class society” might expect to see very few rich, very few poor, and many in the middle—a diamond-shaped distribution. Others who are worried about the shrinking or “disappearing” middle class might imagine that the distribution is becoming hourglass shaped, with a bulge at the top, another at the bottom, and a narrow place in between. Over history, the distribution of income in many societies has approximated a pyramid: an absolute ruler, a few wealthy nobles, a somewhat larger middle or merchant class, and many near the bottom. No society really has the hourglass form, but many still have some form of the pyramid, with a few wealthy families (sometimes topped by a dictatorial figure who has enormous wealth, such as Indonesia under Suharto, the Philippines under Marcos, and Congo under Mobutu); a small middle class of businesspeople, professionals, and technocratic experts; and a large group of rural and urban poor and near poor (see Exhibit 4.5).

The distribution in the United States perhaps most closely resembles the outline of a potbellied stove. It begins at the bottom with a significant group of very poor with incomes well below the poverty line, a larger group of near poor with incomes near the poverty line, and a bulge of lower-income households. The households of many elderly and many nonprofessional service workers help fill this bulge. Above the bulge, the distribution gradually narrows upward through middle and upper-middle incomes and then is capped by a very tall but narrow “pipe” of high-income households. To proportionately capture every income level, the pipe for this stove would need to soar several stories high.
The placement of households in this distribution corresponds partly with high- and low-wage occupations. Many occupational categories span a wide range of incomes, however. For example, small business owners may run single-person operations from their kitchen tables and generate incomes that fall below the poverty line, or they may operate extremely profitable enterprises that generate million-dollar incomes. Certain professions, such as many in the arts or in the music industry, may have a similar spread. As noted earlier, household income also depends on the numbers of persons in a household who are working. Many of the households in the upper-middle part of the distribution are there only because they combine the earnings of two or more wage earners. Single-parent-headed households often do not have this option, and these families are much more likely to be in the lower-income brackets (see Exhibit 4.6). Families of color are found in all income brackets, but African American, Hispanic American, and
Native American households are disproportionately represented in the lower-income levels. Households of elderly couples and individuals are no more likely to be poor than the overall population (the exception being very elderly women), but many of these “gray households” are in lower-income brackets, including many near poor. (For an excellent visual representation of these patterns, see Rose, 2015.)

The central tendencies of a distribution such as this may be described numerically in several ways. The bulge in the distribution, the point that holds the most people, is the mode. The statistical mean is simply the average—that is, the total divided by the number of cases. The median is the point at which half the cases are greater and half are less, regardless of how far above or below. In a balanced or bell-shaped distribution, these measures are the same. Income, however, is a skewed distribution. There is a clear limit to how poor one can be (“flat broke”), but there is no upper limit to income. As a result, a few extraordinarily high incomes can pull the average upward. For this reason, discussions of income levels often refer to the median—half of the incomes fall above this point, and half fall below.

Although the United States is not in danger of becoming an “hourglass society” in the near future, income inequality is increasing, and markedly so. The economic expansion of the 1980s favored upper-income groups far more than the lowest-income groups, some of which lost ground because of a minimum wage that did not rise with inflation and reductions in government services and payments. The recession of 1990 through 1992 hurt everyone, but people in the lower-income
groups were hurt particularly badly, especially as manufacturing jobs were eliminated. The long economic growth period that started in 1992 eventually helped those in the bottom brackets slightly, but only enough so that they regained what they had lost at the beginning of the decade. When recession again struck in 2000, the gains that lower-income groups had made over the entire 1990s were again eliminated. The recession accelerated the job losses caused by deindustrialization as fragile industries collapsed or moved to remain competitive, but recovery has not brought “reindustrialization,” and most of the current job growth is at the lowest end of the income scale. For the wealthy, the recession’s effects were cushioned by a large tax cut and a strong real estate market, and they were well poised to benefit as the economy began to rebound in 2004. The scenario begins to sound like the old adage that the rich get richer and the poor get poorer. It might be more accurate to say that, in the United States at least, the rich are getting richer while the poor are getting nowhere. The height of the “stovepipe” in the income distribution has soared several more stories while the bulge at the bottom has remained. One way to chart this movement is to return to the measure of percentage of income going to each quintile, or fifth of the population. The growing spread becomes quite evident, as Exhibits 4.7 and 4.8 illustrate.

The middle class in this picture is stressed but not disappearing. The fortunate have moved up into upper-middle-class positions with rising incomes. The unfortunate
may still see themselves as “middle class” in their outlooks and perspectives, but they find that they are no longer able to maintain middle-class lifestyles with their declining incomes (Newman, 1988). One reason for the income spread is an integrating global economy based on new technologies. Global markets and new technologies create new opportunities, and new sources of profit, for investors. At the same time, workers’ wages face downward pressure from international competition and from displacement by automation.

Similar trends are at work around the world. During the 1980s, the old adage worked internationally: Rich nations grew richer while poor nations grew poorer. It was a good decade for the advanced industrial countries: Reagan’s United States and Margaret Thatcher’s United Kingdom, with their conservative governments, but also Mitterrand’s France, with its “socialist” government. It was a disastrous decade for poor nations in Latin America and Africa. Yet with a growing economy, the wealthy in the United States could grow much richer without the U.S. poor growing much poorer. Many had a sense of being “better off” until the downturn during the first Bush administration.

Government policies have some effect on income distribution, although less than we may be led to believe. Tax changes during the Reagan administration, enacted in the hope of fueling further economic growth, allowed the wealthiest groups to keep more income and thus spurred greater inequality. Inequality also grew in European countries and Japan during this time, but most did not see the same wide income divides.

Source: U.S. Census Bureau (2010).
The Clinton administration, especially under labor secretary Robert Reich, made helping those who were left out of the benefits of the global economy a national priority. Some government services to poor families were extended, paid for in part by a slight increase in taxes on upper-income earners. Yet inequality continued to increase.

In Europe, the demands of staying competitive with expanding American and Asian economies have led to a reduction in government spending and services. The most dramatic cases are the Eastern European countries that left the old Soviet sphere of control with hopes of joining the European Union. In cases such as Poland, where the economy has grown, so has inequality. In particular, with fewer national guarantees and rapidly shifting economies, worker insecurity has increased markedly. Many developing countries have long claimed to strive for “growth with equity,” yet “growth with growing inequality” has become the norm for the industrialized nations. Currently, the United States is the economic leader but also the leader in growth in income gaps and worker insecurity.

A historical perspective may also help frame this picture. A world of intense international competition with stagnant wages, job insecurity, and weak unions is not new. It was the world of our grandfathers and great-grandfathers. A few grew rich (people called them robber barons), and many stayed poor or near poor. Only during the period of unquestioned U.S. global economic dominance, roughly 1945 to 1965, did Americans come to expect ever-rising wages, stronger organized labor, expanding benefits, and greater job security as the norm. U.S. dominance has by no means vanished, but a new global economy has meant a return to the “bad old days” for some workers.

This return to the “bad old days” was felt especially acutely in the deep recession of 2007 through 2009, in which a bank crisis, rooted in risky loans and falling home values, spurred a general economic downturn and the loss of millions of jobs in a scenario reminiscent of the Great Depression of the 1930s. The George W. Bush administration responded with a massive program to support troubled banks and insurance companies, the controversial “bank bailout.” The Obama administration then proposed a record stimulus package as one of its first pieces of legislation. Programs were funded to support the housing and automobile markets; to support infrastructure, including highways and rail; and to support a new emphasis on “green collar jobs,” those in new technologies for renewable energy and environmental sustainability. Supporters of this program, also highly controversial in its size, argued that it focused on economic recovery and building a stronger economy for the future with good jobs that could not be exported. The programs helped spur an economic recovery, as banks returned to solvency and the stock market rose. But some called it a “jobless recovery,” as employers facing tight credit and uncertain futures were slow to hire on new workers. In fact, the U.S. Census Bureau calculated that the recession of 2007 through 2009 widened the income gap to new highs, with middle-income and poor families being the hardest hit (Associated Press, 2009a). Large cities such as New York, Chicago, and Atlanta saw the most inequality, along with struggling postindustrial cities such as Pittsburgh and Cleveland. So far, government efforts have been of some use in alleviating the pain and cushioning some of the dangers of this economy, but they have not reversed the trend toward great divides in income.
Class Structure

By placing together wealth, occupation, education, and family income, we can get a picture of the American class structure. In a book by that title, Gilbert and Kahl (1982; see also Gilbert, 2008) suggest a six-part division of American society. In many ways, their “synthesis” updates the work of previous class researchers (Coleman & Rainwater, 1978). Gilbert and Kahl’s labels are not without controversy, but they provide a more complete picture than do the terms upper, middle, and lower, and they may be more revealing than upper-upper and so on:

- **Capitalist class:** investors, heirs, and executives, typically with prestigious university education and annual family incomes over $2 million, mostly from assets
- **Upper-middle class:** high-level managers, professionals, midsize business owners with college education, most often with advanced degrees, with family incomes of $120,000 or more
- **Middle class:** low-level managers, semiprofessionals, some persons in sales and skilled crafts, foremen and supervisors with at least high school education, usually some college, technical training, or apprenticeship and family incomes of about $55,000
- **Working class:** high school–educated operatives, clerical workers, most retail salesclerks, routinized assembly and factory workers, and related “blue-collar” employees with family incomes of about $35,000
- **Working poor:** poorly paid service workers and laborers, operatives, and clerical workers in low-wage sectors, usually with some high school and family incomes of around $22,000
- **Underclass:** persons with erratic job histories and weak attachment to the formal labor force, unemployed, or able to find only seasonal or part-time work, dependent on temporary or informal employment or some form of social assistance, and with typical family income of $12,000

This scheme emphasizes several important elements of the American class hierarchy. At the top are those with more than just high salaries, who most often gain the largest part of their income from returns on investments and assets. That broadband all-American middle class divides into highly paid professionals and upper management, a “white-collar” core, and a largely “blue-collar” working class. Among the working poor, collar color often gives way to the smocks of poorly paid clerks and service workers; whether they actually experience poverty often depends on whether they must support dependents on their incomes. The term underclass is sometimes decried as demeaning, implying that members of this group have poor values or poor work habits (Gans, 1990, 1995), but here the category simply encompasses those with poor job histories, who are unable for one reason or another to maintain steady, formal employment.

As always, it is easier to describe the “typical” member of each class than to define the boundaries between the classes. Yet movement between classes is not fluid, and many people remain in their classes of origin. The underclass is distinguished
from the working poor by the lack of regular, enduring, formal employment. The working poor are distinguished from the working class by incomes that do not provide for what Americans consider to be basic necessities without outside assistance. The working class is distinguished from the middle class by jobs that may require skills but limited higher education. The middle class is distinguished by occupations and incomes that keep its members tottering in the middle with many comforts but few luxuries and ever-fewer assurances. The upper-middle class has the sought-after education and experience to command high-wage positions but lacks large quantities of assets, so members of this class must “still work for their money rather than allowing their money to work for them.”

Although this overall class structure seems quite stable and enduring, the spread between levels is increasing. In particular, in accord with Marxist analysis, the gap between capitalist owners and everyone else is growing. Vast global consumer markets coupled with fearful unions, states, and nations, each willing to offer investors more to keep jobs in the competitive global labor market, present tremendous opportunities for wealth accumulation to a well-placed few. In accord with Weberian analysis, there also appears to be a growing divide between those in the top three classes, whose skills and backgrounds afford them some market power, and those in the bottom three classes, whose power in the labor market continues to erode, forcing them to accept whatever they can find to survive. The labor provided by the working class and the working poor remains vital, but in an era of the global movement of people and jobs, those in these classes are always at risk because someone new may perform the same work for less pay.

Growing Inequality

The title of the most recent editions of Dennis Gilbert’s *The American Class Structure* has been expanded to *The American Class Structure in an Age of Growing Inequality* (2011). Many sociologists and economists have become increasingly concerned about the effects of growing inequality, now worldwide and particularly in the United States, on the well-being of society and communities. In their book *The Spirit Level: Why Greater Equality Makes Societies Stronger*, British epidemiologists and researchers Richard Wilkinson and Kate Pickett (2010) compare both the world’s wealthiest nations and the 50 U.S. states and find that the more equal have stronger community life, better social relations, better mental health with lower levels of stress, less drug use, better physical health and longer life expectancy, better educational performance, less violence, and lower rates of incarceration. Regardless of their overall standard of living, it would appear that deeply unequal places are often deeply divided and at risk for many social ills. The key finding in their book is that the culprit is not just poverty but inequality. People in widely unequal societies and communities who are not enjoying what they see as the good life, even if they are not technically poor by standard measures, nonetheless may feel angry and alienated, outcasts and failures. Those in the middle in these societies may be faring all right at the moment but may live in dread of the downturn,
layoff, or shift in fortunes that could spell disaster. Those at the top live in isolation from the rest of the community. In short, all lose.

Nobel Prize–winning U.S. economist Joseph Stiglitz (2012) comes to similar conclusions in his book *The Price of Inequality*. For him, the price is a deeply divided society that can no longer address its core problems, whether in the public or the private sphere. He contends that this is not an inevitable result of modern capitalism but rather that moneyed interests compound their wealth by stifling true, dynamic capitalism. In the process, they cripple economic growth and recovery and ultimately undermine democratic institutions. In her book *Plutocrats: The Rise of the New Global Super-Rich and the Fall of Everyone Else*, economic journalist Chrystia Freeland (2012) reports on interviews with very wealthy, highly successful individuals, most of them men at the top of their fields. Since many of them see themselves as “self-made” in that they did not inherit vast sums but rather rose through the ranks of business, she hoped they would have greater compassion for those struggling on the way up. She found the opposite. Their need to justify their own incredible rewards and vast wealth often made them disparaging of others, a bit like the famous filmed quote of Mitt Romney that 47% of Americans see themselves as victims and are not striving for the top. These “plutocrats” were also insulated by their accumulated wealth in ways that made it hard for them to understand the needs and struggles of other strata of society. In an interview with NPR (2012b), Freeland said,

> You don’t do this in a kind of chortling, smoking your cigar, conspiratorial thinking way. You do it by persuading yourself that what is in your own personal self-interest is in the interests of everybody else. So you persuade yourself that, actually, government services, things like spending on education, which is what created that social mobility in the first place, need to be cut so that the deficit will shrink, so that your tax bill doesn’t go up. And what I really worry about is, there is so much money and so much power at the very top, and the gap between those people at the very top and everybody else is so great, that we are going to see social mobility choked off and society transformed.

The 19th-century French social historian Alexis de Tocqueville condemned plutocrats for ignoring their social responsibilities to the poor while using their power to serve their own purposes and greed. But he also saw resilience in American democratic institutions that struggled against these tendencies. Which forces prevail in the 21st century are still to be decided.

**KEY POINTS**

- Although Americans may be reluctant to think in terms of class divisions, class position affects many aspects of our lives and our future life chances.
- Wealth is more concentrated than income in most societies; in the United States, 10% of the population controls two thirds of the wealth.
The occupational structure of the United States and other advanced industrial countries has shifted with the decline in farm and manufacturing positions, coupled with the rise in both white-collar and low-wage service professions. Income inequalities continue to grow in the United States, with the greatest gains going to the highest-income groups. The middle class is not disappearing, but the numbers of well-off upper-middle-class families are increasing while others face declining incomes and the prospect of joining the working poor.

FOR REVIEW AND DISCUSSION

1. What economic and social forces tend to make wealth as concentrated as it is in the United States? What are the consequences of this concentration of wealth?

2. What major changes have occurred in sectors of the U.S. economy over the past 100 years? How have these affected occupations and class structure? What are the current trends in occupation growth, and what effects will these likely have on the distribution of income?

3. What have been the major trends in the distribution of income over the past several decades? How do median incomes differ by race and ethnicity, by age, and by family type?

MAKING CONNECTIONS

U.S. Bureau of the Census

The U.S. Bureau of the Census gathers detailed data on wealth, income, occupations, and national trends and makes both current and historical data available in numerous publications and on the bureau's website at www.census.gov. Click on the tab for “People and Households.” This will take you to useful summary tables providing information on poverty, income, wealth, wages, and occupations. You can find more detailed information, down to the city and neighborhood level, at American FactFinder (www.factfinder.census.gov), which is also linked to the Census Bureau home page. Explore one aspect of the nation as a whole, or focus on a range of attributes of your local community. Prepare a brief profile of what you find.

Inequality.org

This site is maintained by the Institute for Policy Studies. It contains a wealth of quotes, articles, and data tables on patterns of wealth and income inequality in the United States. The site is intended to startle readers into action and advocacy for change.