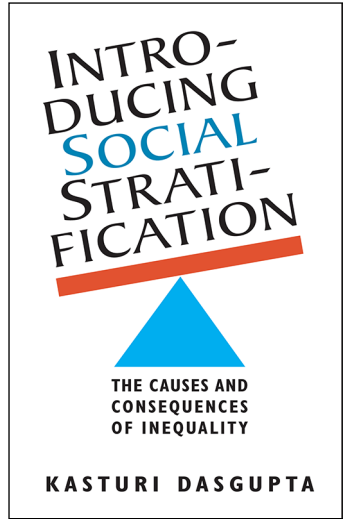


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Introducing
Social Stratification:
The Causes and
Consequences
of Inequality

Kasturi Dasgupta

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1

Exploring Inequalities

THE UNITED STATES HAS ALWAYS BEEN AN UNEQUAL SOCIETY. THE degree of inequality has risen and fallen, but has always been a fact of life. The **Gilded Age**,* spanning the years immediately following **Reconstruction** and the early years of the twentieth century, was a time of glaring inequalities between the few rich and the majority teetering at the edge of economic uncertainty. Yet the country that emerged after World War II was a distinctly middle-class society. With ample jobs and decent wages, most Americans could look forward to a life of relative comfort and security. There were those who were desperately poor even then, but the image of a middle-class America obscured their lives.

Today, in the opening decades of the new millennium, the inequalities of a century ago seem to be returning with a renewed vengeance. Many are warning of a new Gilded Age in which the richest of the rich are pulling farther and farther away from the rest of society as never before.

Between 1977 and 2007, more than 60 percent of the nation's income went to the richest 1 percent of Americans. They earned it with their exorbitantly high salaries. But the most critical aspect of their extraordinary monetary rewards is the income they receive from their **capital**—specifically capital assets such as real estate, financial holdings, and investments—as rents, interests, and dividends.

More than anything, the widening gap, which is wider than it has ever been, is being created by this very fact. The money that the average person makes from salary or wages will never be able to garner the wealth that ownership of capital assets allows.

The majority of Americans have only their salaries to live on; they have very little if any income from capital assets. Even when an individual is

*Terms that appear in **bold** are defined in the Glossary, which begins on p. 387.

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making a relatively high salary, it will never match what the richest 1 percent earn through returns to their capital assets.

There is much discussion of inequality these days, but most Americans have very little idea of its magnitude. Especially the distinct possibility that as the gap continues to widen and a future of ever more deepening and intensifying inequalities awaits us, we might in fact look back at the society today with the same nostalgia as we do for the glory days of relatively stabler economic times of the 1950s and 1960s.

Economists who are looking at the nature of inequality today are warning that these great income disparities are becoming entrenched and passed down from one generation to the next, creating “dynastic wealth.” The problem today is not just the growing divide between the rich and the poor, but that these inequalities will be transferred across generations, continually widening the divide. Inherited wealth will play an ever-growing role in economic inequality in the coming decades.

And as capital assets and the wealth they generate become concentrated in the hands of fewer and fewer people, political power too becomes asymmetric, with democracy giving way to **oligarchy**, or the rule of a few. People with enormous wealth have enormous political influence to control political decisionmaking to protect mechanisms that benefit them. They also have enormous opportunities to control the media to their own advantage, to construct a dominant national **ideology** to influence public attitudes, and to control what people know and what they learn.

People with massive wealth can manipulate the messages and images that people see and hear. Through distraction and diversion, their primary objective is to obscure the reality of inequality in the United States today.

The 1 Percent and the 99 Percent

It was in the fall of 2011 that the economic divide in the United States between the richest citizens and the rest of society surfaced as never before in the public consciousness. The short-lived **Occupy Wall Street movement**, with its unique but increasingly popular narrative, made clear that the chasm between the richest 1 percent and the bottom 99 percent was at the heart of the troubles the country was facing—unemployment, foreclosures, and general insolvency.

The movement’s primary intention was to draw attention to the way that big money from the top 1 percent and the most affluent in society influences government decisions, putting profits before people and the interests of the richest segments in society above the interests of the communities of the 99 percent. The Occupy movement wanted to show how private economic gain has replaced social welfare and well-being as the principal drivers of social

policy initiatives, and how this has cumulatively engendered a process of deepening inequality.

As fleeting as it was, the movement was able to draw significant attention to insidious corporate insatiability, to the collusion and alliance between multinational corporations, giant banks, and the government as the real sources of the growing economic divide, and was somewhat successful in drawing the nation's attention to the problem of capitalism itself.

The United States has been portrayed as a country that is indisputably middle-class. The reigning mythology has often been one of **classlessness**. Any suggestion that the country is polarized between **haves and have-nots** is considered shocking and is typically rebuffed. Any talk of a class divide is dismissed impatiently as inflammatory “Marxism talk”¹ and akin to **class warfare**. Therefore, the foremost contribution of the Occupy movement has been to bring discussions of economic inequality, class, and the class divide out of the proverbial closet and into the mainstream.

The movement went so far as to suggest that class warfare in the United States is real and a top-down affair, waged by the rich against the middle class and poor. The movement pointed to the widening gulf between the rich and everyone else as being a consequence of policies and practices established through an intimate partnership between the corporate rich and their politician friends.

The Occupy movement, though fleeting and ephemeral, was successful in taking “class” out of the exclusive domain of social scientists and political activists, and placing it in the arena of public discourse as a subject worthy of serious investigation in averting the further downward spiraling of the economy and the nation.

And the movement seems to have unleashed a flood—because discussions on inequality seem to be everywhere. The media is awash with experts—economists, policy analysts, and journalists—trying to make sense of this conundrum. Even Pope Francis has joined the fray, saying that income inequality is “increasingly intolerable” and unfettered capitalism the “new tyranny.” He has urged governments around the world to take an active role in the legitimate distribution of economic benefits by guaranteeing all citizens “dignified work, education and healthcare.”²

Objectives of the Book

This book takes the bull by its horns. How does a system generate inequality? What are the processes that continue to widen the divide between the rich and the poor? What mechanisms ensure the longevity of persistent social inequalities? How does the economic divide of class intersect with exclusionary ideologies of **racism**, **sexism**, and **nativism** to create systems

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of chronic disadvantage and oppression? What structural processes obstruct attempts to fundamentally change inequitable systems? And if change is desired, how can it come about?

Sociologists have always interrogated the social phenomenon of **social inequality**. They have defined social inequality as the unequal distribution of income, wealth, opportunities, social status, prestige, and power—the resources people need in order to survive, thrive, and reach their full potential as human beings.

Social stratification is how different dimensions or sources of inequality—economic, political, and social—combine together to form complex structures of inequality of entire categories of people who are arranged hierarchically and have different degrees of access to desired resources (jobs, education) and rewards (good health, general well-being). Stratification is probably the most important subject in the entire discipline of sociology, since every aspect of our lives is profoundly affected by our position in society's system of social stratification.³

Structure of the Book

Part 1 of the book centers on the structures that generate, deepen, and perpetuate inequality. In Chapters 2 and 3, the objective is to describe how unequal American society is in terms of individual and group **socioeconomic status** variables. In order to do that, I start by looking at the degree of inequality and how that inequality affects a person's **life chances**.

In Chapter 2, the focus is primarily on the statistical evidence of inequality. I describe the degree of inequality in terms of quantitative parameters such as income, wealth, and the extent or degree of poverty. There is a massive quantity of mind-numbing data being continuously generated to substantiate these numbers, which I try to present as parsimoniously as possible. My hope is to convey the message without putting my readers to sleep.

In Chapter 3, in order to see how inequality shapes a person's life chances, I consider other socioeconomic status variables that have traditionally been used to gauge the divide in social well-being—quality of health and access to health care, homeownership and quality of housing, access to education and educational achievement, transportation, distribution of the tax burden, effectiveness of the social safety net, adequacy of retirement savings, the digital divide, and finally, income residential segregation and neighborhood quality.

Summary analysis of these attributes is presented in these first two chapters in order to highlight how socioeconomic status variables interconnect and overlap to determine the multifaceted ways in which individuals and communities experience the growing economic divide.

In Chapter 4 I examine the nature of the economic system we live in. When I ask my students to describe the nature of the system in which we live, they respond by saying that the United States is a democracy, that it is a free enterprise system based on a free market economy, and even that the United States is a *laissez-faire* society. The system they are referring to is **capitalism**, but that word eludes them, as it does most Americans.

Capitalism is characterized primarily by the private ownership of the means of production, with the principal objective of maximizing profit. It is a system that generates inequality in a natural, organic way, particularly under the conditions of **monopoly** control that are characteristic of capitalism today. Inequality is integral to capitalism and imperative for its continued expansion. In Chapter 4 the discussion focuses on the process through which economic inequality materializes and takes shape as an inevitable and inherent consequence of capitalism.

In Chapter 5 the discussion turns to how **globalization** and other contemporary transformations in the nature of capitalist enterprise have deepened inequality. This chapter starts from the premise that the single most definitive attribute of the economic downturn and the growing inequality has been the persistent job loss that the United States has experienced from 1975 to 2010.

Job loss in the **core** is characteristic of advanced capitalism when, in its quest to expand continuously, it must seek out global sources for labor, resources, and markets. In its search for the lowest cost of production, **corporate capitalism** has staked out the entire globe. This has far-reaching consequences for the domestic economy. As billions of very low-wage workers have been added to the global market, US workers have lost their economic edge.

Primarily during the years 1975–2010 we have witnessed structural changes, with the great bulk of employment moving from the industrial centers of the United States to other regions of the world, while US economic activity has moved from higher-wage sectors in manufacturing to lower-wage service jobs, ushering in a postindustrial economy with concurrent changes in the entire socioeconomic landscape.

The nature of economic activity has also drastically shifted from sectors that create wealth and jobs to those, such as **transnational financial speculation**, that create neither wealth nor jobs. These economic activities, however, bestow spectacular returns to a handful of well-placed individuals and financial institutions, further widening the income divide.

Mechanization has also narrowed job opportunities drastically. Design and installation of machines to do the jobs of humans has always been a way to reduce labor costs. Remember the **Luddites**, the early-nineteenth-century textile workers who protested against the growing use of machines for tasks formerly performed by skilled labor and broke the machines in desperation. The pressures of globalization, financial speculation, and mechanization

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have resulted in a flight of economic activity—both blue collar and white—to virtual spheres and foreign lands, and into the hands of speculators, machines, and robots. In communities across the United States, jobs that in the past were steppingstones to the middle class, to economic stability, and to realization of the American Dream, have departed the United States. And today this vacuum is deepening the economic divide at an ever-accelerating rate—devastating lives and neighborhoods in its wake.

The sources of equality or inequality are not mysterious. They reflect deliberate decisionmaking and conscious choices that government and corporations make regarding jobs, taxes, wages, executive pay, regulation or deregulation of corporate behavior, international trade treaties, immigration, cost of health care, cost of education, decisions of war and peace, decisions about whether to fortify or weaken the social safety net, and so forth.

The choices that the United States has made over time in these areas have generated an income gap of historic proportions. Since 2008 especially, structural inequality, in combination with economic recession and a mortgage crisis that has brought large segments of the country to its knees, has been regarded by many as fallout from weak-willed and inadequate government scrutiny of financial institutions and their activities.

In Chapter 6, therefore, the discussion centers on the interlinkages between government and the economy and how they impinge upon the distribution of income and wealth. Even though there have always been zealous proponents of **small government**, there is very little doubt that the government is in fact a strong presence in the economy. Through laws and policies, it has enormous influence on the distribution of resources in society.

Even though the economy, as a **reified entity**, obscures the real players, there is very little doubt that some players have more access to government decisionmaking than others and can successfully influence the contours of those decisions to their own advantage.

American sociology has been enriched by a history of incisive discourses on these themes. C. Wright Mills's concept of **power elite** and G. William Domhoff's concept of **ruling class** are forerunners to the observations and analysis of the Occupy movement. They point to the top 1 percent as being those who have a revolving-door relationship with the executive and legislative branches and therefore have exclusive access to the top echelons of power, unlike the common citizen.

In Chapter 7, I turn to how the US education system perpetuates inequality. There is a great divide in educational opportunities and educational outcomes in the United States. Public school education, which was envisioned as being the great equalizer, has fallen short of its promises.

The scholars I consult agree that children's educational outcomes do not depend simply on the schools, but also on the socioeconomic status of the families and the environments in which children live. Moreover, the

educational outcomes often mirror the advantages or disadvantages that children's lives embody, perpetuating and reproducing their socioeconomic status.

Institutional discrimination in education pulls the rug out from under communities segregated by both race and class. Similarly, the skyrocketing cost of higher education, in combination with budget cuts in federal and state financial assistance, has made it increasingly difficult for young people in the US mainstream to receive a college education, which is increasingly touted as an imperative for success. For many scholars, this confirms their doubts regarding the actual ability of higher education to enable young people to transcend the barriers that socioeconomic class enforces.

There have always been those who have wanted to reform schools as a way to reform society. In Chapter 7, I consider the No Child Left Behind Act as one such attempt, keeping in mind that in every era, education reform has always been embedded in the ideologies and priorities of the reformers and their sponsors and has reflected their ideas of the purpose of education and schools for broader society.

In Part 1 of this book, therefore, I set the stage to demonstrate that all aspects of society work together to produce and regenerate the structures of inequality in a capitalist society. Inequality is a natural outcome of the process of capital accumulation, which is at the heart of a capitalist economy. The economic activities of a capitalist system reflect its primary motivation to maximize profit and continuously accelerate the speed and volume of capital accumulation. The government expedites this process with its policies, speeding up capital accumulation on the one hand and widening the income and wealth gap on the other. Capitalism therefore engenders inequality in the course of its normal operation.

In Part 2 of the book, the focus turns to the complex interlinkages between class and gender, race, and the practices of **othering**. When combined with race, gender, and the groups whom society constructs as "the other," class deepens and intensifies inequality. There are often disagreements on how exactly these categories intersect or how best to describe their intersectionalities, but there is broad agreement that these categories do combine in ways to magnify disadvantage.

I take the position in this book that class is the most salient category, since it is the common floor on which everyone's socioeconomic status primarily rests. Race and gender become conceptual categories through which the class divide is exacerbated and magnified. Since the approach of this book is to inquire into the structures that generate, reinforce, and thus perpetuate inequality, the analysis focuses on the motivations of the system to stack people a certain way in terms of class, race, and gender in order to achieve maximum gain for those who are positioned to profit the most from those arrangements. Chapter 8 explains this further.

In Chapter 9, I analyze the ways in which inequality intensifies when class and economic disadvantage combine with gender to make women's lives unmistakably difficult. In the United States, oppression of women prompted the development of three waves of social movements to address the subjugation of women and their status in society as second-class citizens.

The **first-wave women's movement** ended successfully with the passage of the Nineteenth Amendment to the US Constitution, which granted women the right to vote. However, almost forty years after the battles and victories of the **second-wave women's movement**, which gave women equal rights, women on average continue to earn less than men and are stretched to the limit as they try to work and raise families. And this gap persists even for men and women who have comparable work experience and education, such that for every dollar men make, women earn only 77 percent of it.

A large gender gap has always been present in the rates of poverty. In 2011, women had a poverty rate of 16.3 percent, compared to 13.6 percent among men.⁴ At a time when almost half of marriages end in divorce, men's standard of living almost always improves following the breakup of a marriage, whereas women's plummets. The absence of affordable and quality day care, after-school care, paid family leave, affordable health care, and a higher minimum wage all combine to make many women's lives arduous.

Also in Chapter 9, I consider the 1996 Personal Responsibility and Work Opportunity Reconciliation Act, popularly known as President Bill Clinton's "Ending Welfare as We Know It" initiative, as a profound example of the intersection of class, gender, and race. This is an arena in which classism, sexism, and racism combine to entrap women, especially women of color, into a permanent state of disadvantage. The **third-wave women's movement** continues to address the complex oppression created by complex patterns of intersectionality.

In Chapter 10, I embark on a short historical journey to explain the complicated way in which race and racism, and class and capitalism, arose out of the same colonial dynamic. The objective is to further emphasize the class origins of both race and racism.

Today, the United States is nowhere near a **postracial** society. The election of an African American president and the visible gains of a black middle class have done little to change the lives of a third of African Americans—in the words of sociologist William Julius Wilson, the **truly disadvantaged**—who continue to live lives entrenched in deep poverty and disadvantage. With systematic losses in the kinds of jobs that sustained their lives in the past, today their sole connection to the global economy is through hyper-consumerism and drug abuse.

Affirmative action or **race- and gender-based preferential policies** that have been in place since 1965 have languished in the absence of real structural reform. The thinly veiled racism in the continuing controversies

regarding President Barack Obama's American-ness reinforces black people's incredulity with the promises of the system and its claim to be color-blind. On June 25, 2013, when the US Supreme Court overturned a key provision of the 1965 Voting Rights Act that protected the rights of minority voters to cast their vote free of encumbrances, these doubts were reinforced. In the summer of 2014, police killed two unarmed black men, Eric Garner in New York and Michael Brown in Ferguson, Missouri. There was rioting and outrage at what was seen as unmistakable evidence of the interminable hold of racism in society and particularly in the criminal justice system.

In Chapter 11, I examine how the construction of "the other" facilitates the system of inequality. I argue that the **social constructions** of Native Americans as "savages," of African Americans as racially inferior, and of Latino immigrants as "illegals" have facilitated the processes of conquest, exploitation, and oppression that enabled the **accumulation of capital** as fundamental to the development of capitalism in the United States.

With Chapter 10 analyzing the confluence of race and class as it manifests in the lives of African Americans, the primary focus of Chapter 11 is on Native Americans and Latinos. The objective is to tie their experiences into the larger narrative on inequality and capitalism, mainly by bringing out the contradictions that are apparent, for example, in the role that Native Americans, together with their land and their resources, played in the development and growth of capitalism versus the reality of their continued disadvantage and destitution.

Similarly, there is nothing accidental in the construction of Latinos as "illegals." It is a deeply useful practice in its potential for generating profit. Illegality confines the immigrant into a space of unfathomable vulnerability, which sets in motion systems of exploitation and an entire culture of impunity. It is this vulnerability that makes Latino workers so targetable and fosters a schizophrenic national ideology that embraces them one minute and repulses them the next.

Caught in the middle, Latinos are not only exploited economically, but also victimized by immigration policies that divide families and steal their fundamental right to live without fear and with basic human dignity. Also in Chapter 11, I investigate the historical antecedents that have brought waves of immigrants from South America to the communities of the North.

So, is egregious inequality inevitable and immutable? Or are there ways in which the divide between the rich and everyone else can be bridged? Are there internal fuses or safeguards within capitalist socio-economic systems that are able to hold the line? In Part 3 of the book, I deliberate on these questions and conclude that, in the United States, the various mechanisms for leveling the playing field have been systematically weakened.

In Chapter 12, I discuss labor unions as such a leveling device. Historically, labor unions played a critical role in promoting efforts for change in

capitalist societies, by championing movements that advocated for social justice. In Europe, the United States, and elsewhere, fundamental social reforms were realized through the union movement. Unions spoke up and sided with the poor and the working and middle classes. They provided a countervailing power to the **hegemony** of the power elite. Strong unions were responsible for ending many of the most egregious workplace violations and also for urging the creation of programs that today make up the social safety net.

In the past several decades, however, the United States has seen a gradual eclipse of the union movement and a consequent undermining of its role in effecting social change. This decline has occurred as union membership has dwindled due to changes in the structure of the economy, the workplace, and work itself.

At the same time, a deliberate and persistent endeavor by anti-union forces in business and government, fed by an ideology rooted in the ideas of **conservatism** and **neoliberalism** has chipped away at the legal guarantees of the 1935 National Labor Relations Act, which gave workers the right to unionize and exercise collective bargaining to correct the power imbalances in the workplace.

As the power of US labor unions has dwindled, economic inequality has skyrocketed. The declining clout of the unions has left large segments of working people, in both the private and public sectors, powerless to deal with the continuous threat of joblessness, reshuffling and curtailing of their work schedules and work hours, and cuts in wages and benefits. Consequently, the gulf between them and the affluent has grown steadily and invariably.

In Chapter 13, I begin by recapping my major conclusions about the nature of inequality in the United States. Since the primary objective of this book is to examine the structures that generate, reinforce, and thus perpetuate inequality, my main argument originates from the premise that, in a capitalist society, inequality is created as part of the natural functioning of the system.

The need to accumulate more and more capital through ever-increasing profits has set in motion actions and decisions that have led to one of the biggest transfers of societal wealth in US history, as wealth has not trickled downstream to the majority but rather has surged upstream into the hands of the richest. Cutting the cost of labor to the barest minimum has been the most expedient choice for fattening the bottom line.

Therefore, the most definitive attribute of the economic downturn and growing inequality has been the persistent, ongoing loss of the kinds of jobs that in the past, particularly in the period following World War II, had enabled individuals to step into the middle class and also opened up avenues for social mobility.

In Chapter 13, I also explore ways in which the current state of affairs in the United States can be changed so every segment of society has a chance to realize among the most closely held fundamental beliefs in the

ethos of this nation: that every individual is endowed with certain inalienable rights, among them are life, liberty, and the pursuit of happiness.

But as President Franklin Roosevelt stated, none of these rights can be realized in the absence of basic economic rights—those guaranteeing decent jobs, a living wage, affordable health care, decent housing, quality education, and security for the elderly, the sick, and the unemployed. If the capitalist system, as it stands today, has refused to ensure these basic economic rights and has violated the **social compact** as delineated in the Declaration of Independence, what options do people have?

If inequality is rooted in the choices that are made, as is argued in this book, then the most logical way to imagine alternatives to the status quo would be to make changes in those choices. But how to leverage power in society in a way so that policy choices reflect visions for a different future and reflect the collective will of the American people?

Of course, that would mean changing the contours of power—or at least balancing it with representation of those who have thus far remained invisible to those critical sectors of society where decisions with far-reaching consequences are made. In this last chapter, I consider the ways in which such change can be brought about and how to convince an increasingly cynical public that it can work.

First, I look to President Roosevelt and to Europe to develop a platform of social well-being that will inform the policies that are fundamental to delivering an “economics of shared prosperity,” as delineated in Jacob Hacker and Nate Loewentheil’s 2012 policy manual, “Prosperity Economics: Building an Economy for All.”

Recognizing all along that power never cedes its position and privilege unless it has been forced to do so, we know that none of this will come to pass without a strong **collective social movement**, representing every segment of society, that makes it quite clear that the present situation is untenable, and that change is the existential imperative—the call of the hour.

We will not be able to build an alternative America, one that is just and egalitarian, unless visionary leaders, grassroots advocacy groups, civil rights organizations, unions, immigrant groups, minority groups (such as those based on sexual orientation), environmentalists, and the academic world join forces to demand such a future.

Notes

1. Rayfield, “Santorum.”
2. Kaufman, “Pope Francis: ‘Inequality Is the Root of Social Evil.’”
3. Robertson, *Sociology*, p. 254.
4. DeNavas-Walt, Proctor, and Smith, “Income, Poverty, and Health Insurance Coverage in the United States: 2011,” p. 14.