

Politics and the Economy



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Introducing Politics and the Economy

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Introducing Politics and the Economy

How do people earn their living? Why are wages so much higher for some types of work than for others, and why are wages so much higher in some countries than in others? How do government leaders get elected—or deposed or assassinated? To answer these questions, we need to look at both politics and the economy. Although we can try to answer the questions separately, they are so interwoven that they are often best treated as one topic. This chapter offers a sociological perspective on politics and the economy that should help you interpret both your own experiences and news headlines.

Power and Politics

Lisa wants to watch *American Idol* and John wants to watch football; fundamentalists want prayer in the schools and the American Civil Liberties Union wants it out; state employees want higher salaries and other citizens want lower taxes. Who decides?

Whether the decision maker is Mom or the Supreme Court, those who can enforce their decisions on others have power. As we discussed in Chapter 7, power is the ability to direct others' behavior, even against their wishes. Here we will describe two kinds of power: *coercion* and *authority*. Although both mothers and courts have power, they differ in the basis of their power, the breadth of their jurisdiction, and the means they use to compel obedience.

Coercion

The exercise of power through force or threats is **coercion**. The force or threat may be physical, financial, or social: We may fear we will be hit, sued, ostracized, fined, killed, or rejected by our friends, among other things. Your parents, for example, may have coerced you into obeying their rules by threatening to spank you, and you may have coerced a younger sibling to follow your rules by refusing to play with him or her otherwise.

Authority

Threats are sometimes effective means of making people follow your orders, but they tend to create conflict and animosity. In some situations, however, threats aren't needed. When power is supported by norms and values that legitimate its use, we call it **authority**. If you have authority, your subordinates agree that, in this matter at least, you have the right to make decisions and they have a duty to obey. This does not mean that the decision will always be obeyed or even that each and every subordinate will agree that the distribution of power is legitimate. Rather, it means that society's norms and values legitimate the inequality in power. For example, if a dad tells his teenagers to be home by midnight, the kids may come in later. They may even argue that he has no right to run their lives. But others in the family likely believe that the father does have this right.

Because authority is supported by shared norms and values, it can usually be exercised without conflict. Ultimately, however, authority rests on the ability to back up commands with coercion. Parents may back up their authority over teenagers with

Coercion is the exercise of power through force or the threat of force.

Authority is power supported by norms and values that legitimate its use.



AP Images

Traditional authority, like that enjoyed by King Mohamed VI of Morocco, exists when an individual's right to make decisions for others is widely accepted based on time-honored beliefs.

Traditional authority is the right to make decisions for others that is based on the sanctity of time-honored routines.

Charismatic authority is the right to make decisions that is based on perceived extraordinary personal characteristics.

Rational-legal authority is the right to make decisions that is based on rationally established rules.

threats to ground them or take the car keys away. Employers can fire or demote workers. Thus, authority rests on a legitimization of coercion (Wrong 1979).

In a classic analysis of power, Weber distinguished three bases on which individuals or groups gain acceptance as legitimate authorities: *tradition*, *extraordinary personal qualities* (known as *charisma*), and *legal rules*.

Traditional Authority

When power is based on the sanctity of time-honored routines, it is called **traditional authority** (Weber [1910] 1970b, 296). Monarchies and patriarchies are classic examples of this type of authority. For example, a half century ago, the majority of Americans believed that husbands ought to make all the major decisions in the family. In other words, husbands had authority. Today, much of that authority has disappeared.

Charismatic Authority

When an individual gains the right to make decisions because of perceived extraordinary personal characteristics, he or she holds **charismatic authority** (Weber [1910] 1970b, 295). In many cases, an individual holds charismatic authority because his or her followers believe the individual has been chosen by God. But charismatic authority does not have to be linked to religion. Mahatma Gandhi, for example, was neither an elected politician nor a religious leader, yet he led a political revolution in India. More recently and less positively, Osama bin Laden's followers also grant him charismatic authority.

Rational-Legal Authority

When individuals hold power based on rationally established rules, we say they hold **rational-legal authority**. An essential element of rational-legal authority is that it is impersonal. You do not need to like or admire or even agree with the person in authority; you simply follow the rules.

Our government runs on rational-legal authority. When we want to know whether Congress has the right to make certain decisions, we check our rule book: the Constitution. As long as Congress follows the rules, most of us agree that it has the right to make decisions and we have a duty to obey.

Combining Bases of Authority

Analytically, we can make clear distinctions among these three types of authority. In practice, the successful exercise of authority usually combines two or more types. An elected official who adds charisma to his rational-legal authority will increase his power; depending on your politics, Ronald Reagan or Barack Obama could serve as examples. Similarly, a charismatic leader who establishes a rational-legal system to manage her followers will also increase her power; Mary Baker Eddy, who founded the Christian Science religion and turned it into a large, bureaucratic organization, is an example. All types of authority, however, depend on subordinates agreeing that the person in charge has the right to make decisions and that they have a duty to obey.

The Concept Summary on Power and Authority illustrates the differences between power, coercion, and authority, as well as between the different types of authority.

concept summary

Power and Authority

Concept	Definition	Example
Power	Ability to get others to act as one wishes despite their resistance; includes coercion and authority	Someone gets you to mow the lawn even though you don't want to.
Coercion	Exercise of power through force or threat of force	"Mow the lawn or I'll spank you."
Authority	Power supported by norms and values	"It's your duty to mow the lawn."
Traditional authority	Authority based on sanctity of time-honored routines	"As your father, I'm ordering you to mow the lawn."
Charismatic authority	Authority based on extraordinary personal characteristics of a leader	You are so moved by President Obama's call for service that you volunteer to mow an elderly neighbor's lawn.
Rational-legal authority	Authority based on submission to a set of rationally established rules	"You know the rules: Your sister mowed the lawn last week so it's your turn now."

sociology and you

If your parents or grandparents ever made you do something because "that's just the way it's done in this household," you have experienced traditional authority. You followed their rules because tradition gave them authority over you. If you ever did something because the coolest kid in your class asked you to do so, you experienced charismatic authority. You did what the kid wanted because you admired him and wanted his friendship. And if you read this chapter when your professor assigned it, you obeyed rational-legal authority. You followed the professor's instructions because you believed your professor had earned his or her authority through a rational process.

Politics

Power inequalities are built into all social institutions. In institutions as varied as the school and the family, roles such as student–teacher and parent–child specify unequal power relationships as normal.

In a very general sense, **politics** refers to all institutions concerned with the social structure of power, including the family, the workplace, the school, and even the church or synagogue. The most prominent political institution, however, is the state.

Power and the State

The **state** is the social structure that holds a monopoly on the legitimate use of coercion and physical force within a territory. It is distinguished from other political institutions by two characteristics: (1) Its jurisdiction for legitimate decision making is broader than that of other institutions, and (2) it controls the use of legalized coercion in a society.

Jurisdiction

Whereas the other political institutions of society have rather narrow jurisdictions (over church members or over family members, for example), the state exercises power over the society as a whole.

Generally, states are responsible for arbitrating relationships among the parts of society, maintaining relationships with other societies, and gathering resources (taxes, draftees, oil) to meet collective goals. As societies have become larger and more

Politics is the social structure of power within a society.

The **state** is the social structure that successfully claims a monopoly on the legitimate use of coercion and physical force within a territory.

decoding the data

Attitudes toward Government Responsibilities

SOURCE: General Social Survey (2009).

Percentage Who Agree That:	Low Income	Middle Income	High Income
The government in Washington should do everything possible to improve the standard of living of all poor Americans.	41%	30%	23%
It is the responsibility of the government in Washington to see to it that people have help in paying for doctors and hospital bills.	59%	53%	46%

Explaining the Data: It’s easy to see that those who can afford to pay their own bills are less likely to think the government should help people with their bills. But what other reasons might explain why those with lower incomes are more likely to favor government helping the poor and the sick? How do the life experiences of low-, middle-, and upper-income people differ, and how might this affect their views?

Why would high-income Americans be more likely to believe that the government should help people pay their medical bills than to help improve the standard of living of the poor?

Critiquing the Data: How could you reword the survey statements so that *more* people would agree with them? How could you reword them so that *fewer* people would agree?

complex, the state’s responsibilities have grown to include things such as providing sex education to children and providing subsidies to families at risk of losing their homes. Decoding the Data: Attitudes toward Government Responsibilities explores Americans’ attitudes toward government responsibilities.

State Coercion

The state claims a monopoly on the legitimate use of coercion. To the extent that other institutions use coercion (for example, the family or the school), they do so only with the approval of the state. For example, state laws now forbid husbands from beating their wives and parents from beating their children.

The state uses three primary types of coercion. First, the state can legally arrest, attack, imprison, and even kill citizens in certain circumstances. Second, the state can legally take money from citizens through taxes and fines. Finally, the state legally can negotiate with other countries and can use its armed forces to attack and kill in other countries.

Different states, however, obtain power and use coercion in very different ways. The most basic distinction is between authoritarian systems and democracies.

Authoritarian Systems

Most people in most times have lived under **authoritarian systems**. Authoritarian governments go by a lot of other names: totalitarianism, dictatorships, military juntas, despotisms, monarchies, theocracies, and so on. In all cases, however, the leadership

Authoritarian systems are political systems in which the leadership is not selected by the people and legally cannot be changed by them.



1994 Tom Muscionico/Contact Press Images

All South Africans regardless of race now have the right to vote. Democracy triumphed when the financial and political power of the white minority was finally counterbalanced by the sheer numbers and political determination of the black majority.

was not selected by the people and cannot be changed by them (except through revolution). Even if the state allows elections, those elections will be rigged so that only certain individuals can win. Afghanistan under the Taliban was an authoritarian system, as is Libya under Muammar al-Gaddafi.

Authoritarian structures vary in the extent to which they attempt to control people's lives and the extent to which they use terror and coercion to maintain power. Some authoritarian governments, such as monarchies, govern through traditional authority; others have no legitimate authority and rest their power almost exclusively on coercion.

Democracies

Democracies come in many forms. All, however, share two characteristics: They have regular, legal procedures for changing leaders, and these leadership changes reflect the will of the majority.

In a democracy, two basic groups exist: the group in power and one or more legal opposition groups that are trying to get into power. The rules of the game call for sportsmanship on all sides. The winners can't punish or kill the losers, the losers must accept their loss and wait until the next legal opportunity to try again, and both sides must let the public participate in deciding who wins.

Why are some societies governed by democracies and others by authoritarian systems? The answer appears to have less to do with virtue than with economics. Democracy occurs primarily in the wealthier nations of the world, especially those with large middle classes. Middle-class citizens usually have sufficient social and economic resources to organize effectively and to hold the government accountable. However, democracy also exists in poorer nations with relatively little income inequality, such as Costa Rica and Sri Lanka. But democracy can exist even in the absence of these conditions: The largest democracy in the world, India, has a relatively small middle class and tremendous income inequality.

Democracies are political systems that provide regular, constitutional opportunities for a change in leadership according to the will of the majority.

Democracy also flourishes in societies with many competing groups, each of which comprises less than a majority. In such a situation, no single group can win a majority of voters without negotiating with other groups; because each group is a minority, safeguarding minority political groups protects everybody (Weil 1989). However, if competing interest groups don't share basic values and interests, they likely won't abide by the rules of the game. The repeated failures of peace talks and eruptions of violence between Israelis and Palestinians demonstrate how fundamental differences can make it difficult for democracy to flourish.

Globalization and State Power

As the Israeli and Palestinian governments have fought for land and autonomy, each has been both helped and hindered by organizations outside their borders. The United Nations and the European Union send diplomats and peace-keeping forces, the World Court judges whether either government has broken international laws, the World Bank decides whether to extend low-interest loans to build the economy, and multinational oil companies pressure politicians in the United States, the Middle East, and elsewhere to safeguard the companies' interests. Each of these is an example of globalization—in this case, the globalization of the economy and law.

Because of globalization, some argue, multinational corporations and international organizations now hold much of the power once held by states (Sassen 2006; Appelbaum 2005). For example, corporations have fought successfully against minimum-wage laws in the United States and against price controls on tortillas in Mexico. Similarly, international regulatory organizations and associations such as the European Union and the International Monetary Fund also have imposed new rules on states.

In contrast, others argue that globalization has been going on since the days of the great sailing ships without threatening state power. Indeed, these scholars argue, the power of the state over the economy and citizenry is greater than ever (Wolf 2005). Moreover, with the current global economic crisis, many nations have decided to protect themselves first. Consequently, they have withdrawn their support from

Concern over globalization has led to protests around the world, such as this one in Brazil. “Guerra” means “war” in Portuguese.



concept summary

Two Models of American Political Power

	Pluralist Model	Power-Elite Model
<i>Basic units of analysis</i>	Interest groups	Power elites
<i>Source of power</i>	Situational: Depends on issue	Inherited and positional; top positions in key economic and social institutions
<i>Distribution of power</i>	Dispersed among competing diverse groups	Concentrated in relatively homogeneous elite
<i>Limits of power</i>	Limited by shifting and cross-cutting loyalties	Limited when other groups unite in opposition
<i>Role of the state</i>	Arena where interest groups compete	One of several sources of power

agreements that fostered globalization, such as treaties requiring states to drop taxes on imported goods (Erlanger 2009).

Who Governs? Models of U.S. Democracy

Almost everyone agrees that the United States is a democracy. Political parties with different economic and social agendas vie for public support, and every 4 years the voters can replace the president if they want to. Many, however, question whether the decisions made by U.S. leaders really reflect the will of the majority. This section outlines the two major sociological models of how these decisions are made: the pluralist model and the power-elite model. The Concept Summary on Two Models of American Political Power summarizes the differences between these models.

Structural-Functional Theory: The Pluralist Model

Like all structural-functionalist models, the pluralist model of political power assumes that the various parts of our political process typically run smoothly and harmoniously, for the good of all. The pluralist model focuses on the processes of checks and balances within the U.S. government and on coalition and competition among governmental and nongovernmental groups. This model argues that the system of checks and balances built into the U.S. Constitution makes it nearly impossible for either the judicial, legislative, or executive branch of government to force its will on the other branches. Similarly, the model argues that different groups with competing vested interests hold power in different sectors of American life. Some groups have economic power, some have political power, and some have cultural power. Because each group has some power, all are reasonably content and no extreme group can force its views on the others.

Research suggests the limits of the pluralist model. Typically, the power elite stick together, while other groups lack the resources to successfully challenge the

elite (Burris & Salt 1990; Clawson & Su 1990; Korpi 1989). In the United States, programs designed to share wealth or award opportunities more equitably—such as civil rights laws or the Social Security system—have succeeded only when (1) a crisis caused the elite to favor at least some change, and (2) the elite disagreed among themselves (Jenkins & Brent 1989).

Conflict Theory: The Power-Elite Model

In contrast to the pluralist model, the power-elite model, which is based on conflict theory, contends that a relatively unified elite group makes all major decisions, based on its own interests (Domhoff 2009). In his classic work, *The Power Elite*, C. Wright Mills (1956) defined the **power elite** as the people who occupy the top positions in three bureaucracies: the military, industry, and the executive branch of government. Through a complex set of overlapping cliques, these people share decisions on national and international issues (Mills 1956, 18). Consequently, creating meaningful social change is difficult unless the non-elite organize together in unions, social movements, and the like.

Without question the power elite has become more diverse since Mills's day. The independent power of the military has declined, whereas that of the cultural elite—which includes both movie stars and religious leaders—has grown. Increasing numbers of African Americans, Hispanics, and women hold high corporate positions and elected office, especially at local levels. On the other hand, white males still greatly outnumber women and minorities in positions of power. Moreover, most “outsiders” who become part of the power elite come from at least middle-class homes, attend elite schools, and are willing and able to fit in: light-skinned minorities, Jews who marry Christians, and women who learn to play golf and even to smoke cigars, for example (Zweigenhaft & Domhoff 1998).

Individual Participation in U.S. Government

So far, we've focused on the role of leaders, elites, and other organized interests. But by definition democracy requires the participation of individual citizens as well. This section describes how and why citizens do—or do not—participate as voters in U.S. politics.

Who Votes?

Although the United States is a democracy, about one-third of its voting-age population does not even register to vote, and almost half (44 percent in 2008) do not vote even in presidential elections (U.S. Bureau of the Census 2009a). An astonishing 75 to 80 percent do not vote in typical local elections.

This low level of political participation poses a crucial question about power in U.S. democracy. Who participates? If they are not a random sample of citizens, then some groups must have more influence than others.

Social Class

One of the firmest findings in social science is that political participation (indeed, social participation of any sort) is strongly related to social class. Whether we define

The **power elite** comprises the people who occupy the top positions in three bureaucracies—the military, industry, and the executive branch of government—and who are thought to act together to run the United States in their own interests.

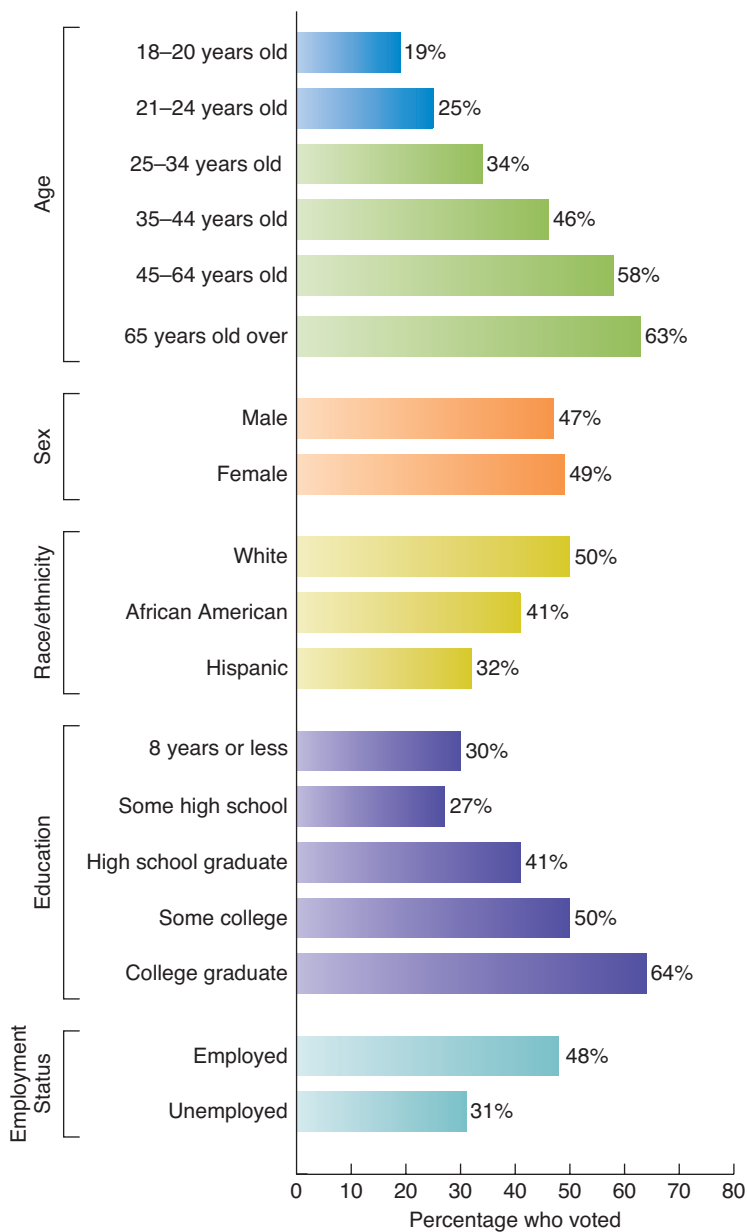


FIGURE 13.1 Percentage Who Voted in 2006 (among Voting-Age Population)

Older, better-educated, employed, and non-Hispanic Americans are more likely to vote.

SOURCE: U.S. Bureau of the Census (2008c).

participation as voting or letter writing, people with more education, more income, and more prestigious jobs are more likely to be politically active. They know more about the issues, have stronger opinions, more often believe they can influence political decisions, and thus more often try to do so. Data on voting support and illustrate this conclusion. As Figure 13.1 shows, those who have graduated from college are more than twice as likely to vote as those who have not completed high school.

Age

Age also affects political participation: Older persons are considerably more likely than younger persons to vote (Figure 13.1). Even in the turbulent years of the Vietnam War, when young antiwar demonstrators were so visible, young adults were significantly less

Although all U.S. citizens over the age of 18 have the right to vote, white, middle-aged, better-off, and better-educated citizens are most likely to do so.



Photo by Marc Serota/Getty Images

likely to vote than were middle-aged individuals. In that period, many young adults engaged in other forms of political participation that did, in fact, influence political decisions. In most time periods, however, the low participation of younger people at the polls is a fair measure of their overall participation.

Race and Ethnicity

Race and ethnicity also affect the likelihood of voting. Whites are more likely than African Americans to vote, and Hispanics are less likely to vote than either whites or African Americans. The low rates of voting among Hispanics reflect both their lower average socioeconomic status and the fact that many lack U.S. citizenship and therefore can't vote.

Which Party?

Unlike the United States, most European nations have parliamentary governments. In these nations, parties are awarded seats in Parliament based on the percentage of the votes they won: If 10 percent of citizens voted for the Green Party, for example, the Green Party would get 10 percent of seats in Parliament. As a result, many different parties can have members in Parliament.

In contrast, seats in the U.S. Congress (and other U.S. political offices) are won through a “winner take all” process: In each election, whoever receives the most votes wins. As a result, only candidates from the two largest parties—the Democratic Party and the Republican Party—have much chance of winning elections. Consequently, citizens rarely bother to support candidates from smaller parties such as the Green Party.

Although both major political parties in the United States are basically centrist, there are philosophical distinctions between them. For the last century, the Democratic Party has been more associated with liberal morality; support for social services; and the interests of the poor, the working class, and minorities. The Republican Party has been more associated with conservative morality, tax cuts, and the interests of industry

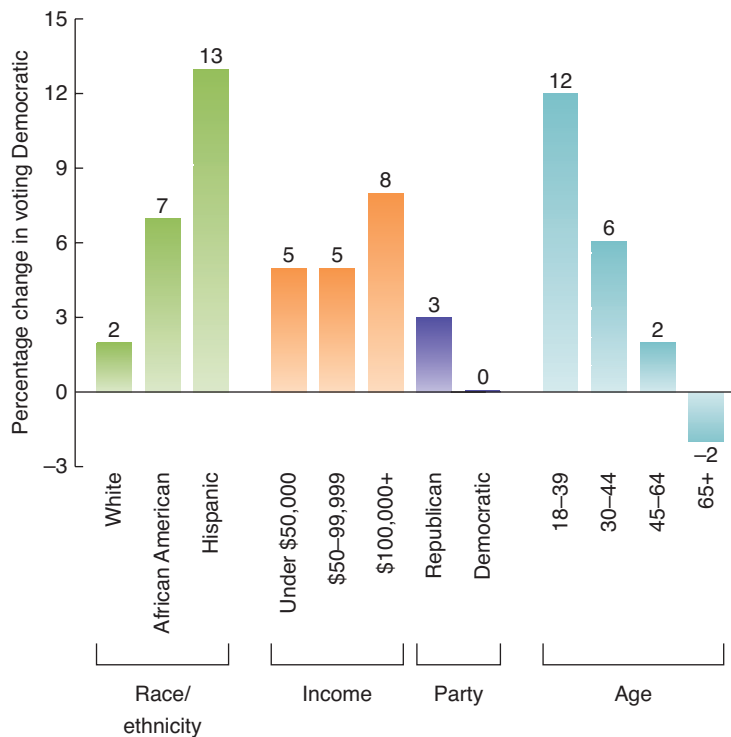


FIGURE 13.2 Percentage Increase or Decrease in Voting Democratic, 2004–2008 Presidential Elections
Across the board, Americans were more likely to vote for the 2008 Democratic candidate (Barack Obama) than for the 2004 Democratic candidate (John Kerry).
SOURCE: Pew Research Center (2008).

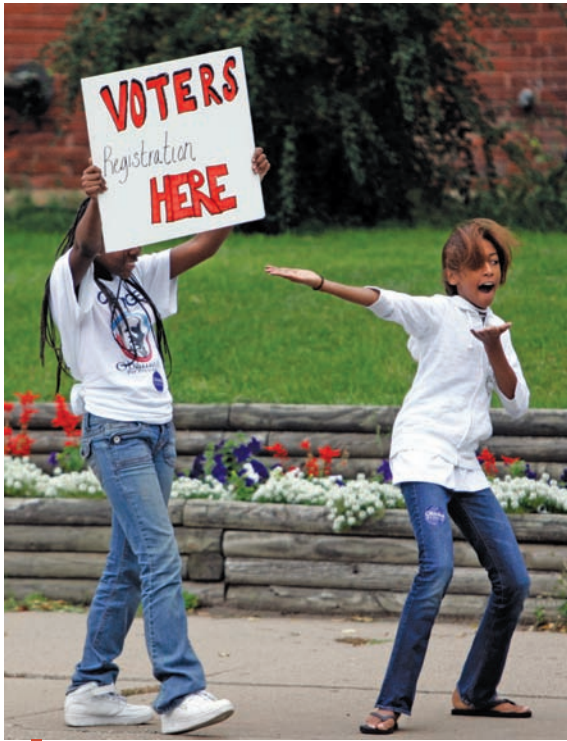
and the affluent. As a result, voters who are female, younger, minority, or less educated tend to favor the Democratic Party. However, in 2008 Democrats gained votes across all segments of the population (Figure 13.2). It remains to be seen, however, whether this shift will continue or whether it merely reflected the unusual circumstances of the 2008 election (a highly unpopular Republican president in office and a highly unusual African American candidate running against him).

A growing proportion of voters align themselves with neither party but vote based more on issues than on party loyalty. When the 10 percent (or more) of voters who call themselves independent go to the polls, however, they usually have to choose between a Democratic and a Republican candidate.

Why So Few Voters?

The United States prides itself on its democratic traditions. Yet U.S. citizens are only half as likely to vote as are citizens of other Western nations. Moreover, although studies consistently find that those with more education and higher income are more likely to vote, voting rates in the United States have declined steadily for the last century, even though both income and educational levels have increased. Why are voting rates in the United States so low?

Some scholars argue that political participation has declined because more and more Americans believe that the political process is corrupt, that the Democrats and Republicans are more similar than different, and that it makes little difference who gets elected (Southwell & Everest 1998). Others argue that voting rates are so low because politicians have made it so difficult for people to vote (Piven & Cloward 1988, 2000). Until only a few years ago, both registering to vote and voting were more cumbersome in the United States than in any other Western democracy. In many



KYNDALL HARKNESS/NCCT/Landov

Voting rates have increased among African Americans and other minorities when social and political movements (such as the civil rights movement and the Obama campaign) have reached out to them and convinced them that they can make a difference.

states, individuals had to register annually, pass literacy tests, or pay special taxes. They also had to both register and vote in specific locations during specific limited hours, which was especially difficult for persons who held strictly scheduled, working-class jobs.

Voter registration has increased significantly since passage of the National Voter Registration Act of 1993. However, barriers to voting remain. In the 2008 presidential election, for example, potential voters (especially in poor, minority, and Democratic districts) were hampered by broken voting machines, polling places that closed too early for some working people to vote, and new legal requirements that removed people from voting rolls (People for the American Way 2008).

Still others argue that relatively few Americans vote because no major political party has sought to involve poor, minority, and disenfranchised Americans or to address their concerns. In contrast, voting rates have increased when social and political movements (such as the civil rights movement and the Obama campaign) have reached out to such Americans and convinced them that they can make a difference (Winders 1999).

Case Study: Ex-Felon Disenfranchisement

As we've seen, a surprising number of Americans choose not to participate in the democratic process. An even more surprising number of Americans *cannot* legally vote. An estimated 5.4 *million* Americans are barred from voting—disenfranchised—because they were once convicted of a felony (Manza & Uggen

2006). In some states, only those still in prison are forbidden from voting; in other states, a felony conviction brings lifelong **ex-felon disenfranchisement**. Because the United States has both a high rate of felony convictions (primarily for drug-related crimes) and unusually restrictive laws on the voting rights of ex-felons, the United States has a higher rate of ex-felon disenfranchisement than almost any other country (Hull 2005; Manza & Uggen 2006). In essence, the very possibility of rehabilitation is ignored: Someone convicted at age 20 of selling marijuana, for example, might be ineligible to vote for the rest of his or her life, even if he or she never again commits a crime and becomes a successful worker, parent, and community citizen.

Importantly, because poverty sometimes pushes individuals to commit crimes, and because the criminal justice system more often convicts poor criminals than equally guilty wealthy criminals, those subject to ex-felon disenfranchisement overwhelmingly are poor. The number of disenfranchised poor people is high enough to significantly decrease the chances of electing politicians who favor helping the poor (Uggen & Manza 2002; Hull 2005; Manza & Uggen 2006).

Ex-felon disenfranchisement is the loss of voting privileges suffered by those who have been convicted of a felony. In some states, ex-felon disenfranchisement applies only to those in prison; in other states, it is lifelong.

Modern Economic Systems

As we've seen, from the role of the working class to the role of the power elite, understanding politics requires understanding underlying economic issues. In this



Joel Stettenheim/Corbis

Under capitalism, those who experience financial hardship for whatever reason typically must rely on themselves or on charity.

section we look at modern economic systems in general, before turning to the U.S. economy.

The **economy** consists of all social structures concerned with the production and distribution of goods and services. Production includes issues such as how much or how little to build, whether to invest in manufacturing more weapons or growing more food, and whether to encourage large factories or smaller enterprises. Distribution includes issues such as how money is divided between workers and owners, who should support those who can't work, and whether individuals should receive income based on need, effort, or ability. The distribution aspect of the economy intimately touches the family, stratification systems, education, and government.

In the modern world, there are basically two types of economic systems: *capitalism* and *socialism*. Because economic systems must adapt to different political and natural environments, however, we find few instances of pure capitalism or pure socialism. Most modern economic systems represent some variation on the two and often combine elements of both.

Capitalism

Capitalism is the economic system in which most wealth (land, capital, and labor) is private property, bought and sold on the open market and used by its owners for their own gain. Capitalism is based on market competition. Each of us seeks to maximize our own profits by working harder or devising more efficient ways to produce goods. Such a system encourages hard work, technical innovation, and a sharp eye for trends in consumer demand. Because self-interest is a powerful spur, such economies can be very productive.

Even when it is very productive, though, a capitalist economy has drawbacks. These drawbacks all center around problems in the *distribution* of resources. First, the capitalist system represents a competitive bargain between labor (workers) and capital (owners of industries), both of whom control a necessary resource. But this is not a

The **economy** is everything involved in the production and distribution of goods and services.

Capitalism is the economic system, based on competition, in which most wealth (land, capital, and labor) is private property, to be used by its owners to maximize their own gain.

bargain between equals: Almost always, capital has more bargaining power than does labor. As a result, workers earn only a fraction of what capitalists earn. Second, those who have neither labor nor capital to bargain with (children, stay-at-home moms, the elderly, the disabled, and workers whose jobs have disappeared) always lose out. They rely on aid from others—if they are lucky. Third, because public services such as paved streets, parks, sanitary water systems, or national armies offer no profit, pure capitalism has no interest in providing them. Yet society cannot function without these services. Thus capitalist systems must have some means of distribution other than the market.

Socialism

If capitalism is an economic system that maximizes production at the expense of distribution, socialism is a system that stresses distribution at the expense of production. In its ideal form, **socialism** is an economic structure in which the workers own the means of production and use them for the collective good.

In theory, socialism has several major advantages over capitalism. First, societal resources can be used for the benefit of society as a whole rather than for individuals. For example, theoretically a socialist system could protect the environment for everyone's sake, rather than allowing corporations to pollute it for private profit. Similarly, a socialist economy could divert resources from profitable industries such as television production to industries more likely to benefit everyone in the long run, such as education, agriculture, or steel. The major advantage claimed for socialism, however, is that it produces equitable (although not necessarily equal) distribution.

The creed of pure socialism is “From each according to his or her ability, to each according to his or her need.” Under socialism, everyone should receive what they need to survive, and everyone should work their best to achieve that common goal. Workers are expected to be motivated by loyalty to their community and their comrades. In reality, the hard-working woman with no children is not likely to work her hardest when the lazy worker next to her takes home a larger paycheck simply because she has more children and thus greater need. Nor is the farmer as likely to make the extra effort to save the harvest from rain or drought if his rewards are unrelated to either effort or productivity. Because of this factor, production is usually lower in socialist economies than in capitalist economies.

Mixed Economies

Most Western societies today represent a mixture of both capitalist and socialist economic structures. In many nations, services such as the mail and the railroads and key industries such as steel and energy are socialized. This socialism rarely results from pure idealism. Rather, public ownership is often seen as the best way to ensure continuation of vital but unprofitable services. Other services—for example, health care and education—have been partially socialized because societies have judged it unethical to deny these services to the poor and too inefficient to provide them on the open market.

In several nations, socializing services has gone far toward meeting the maxim “from each according to his or her ability, to each according to his or her need.” There are still inequalities in education and health care, but far fewer than there would be if these services were available on a strictly cash basis. The United States has done the least among major Western powers toward creating a mixed economy, and our future

Socialism is an economic structure in which productive tools (land, labor, and capital) are owned and managed by the workers and used for the collective good.

direction is unclear. By and large, the Republican Party has pushed to reduce government provision of social services and the Democratic Party has pushed to increase such services. The future mix of socialist and capitalist principles will reflect political rather than strictly economic conditions.

The Political Economy

Political economy refers to the interaction of political and economic forms within a nation. Both capitalism and socialism can coexist with either authoritarian or democratic political systems. Many Western European nations, such as the United Kingdom and Sweden, combine socialism and democracy. (The Swedish system is discussed more fully in Focus on a Global Perspective: Democratic Socialism in Sweden on the next page.) Other nations, such as China and Cuba, combine socialism with an authoritarian political system. We often use (and misuse) the term *communist* to refer to societies in which a socialist economy is guided by a political elite and enforced by a military elite. The goals of socialism (equality and efficiency) are still there, but the political form is authoritarian rather than democratic.

Likewise, some capitalist nations are democratic and some are authoritarian. Both the United States and Japan have capitalist economies and democratic political systems. Singapore and Saudi Arabia, on the other hand, have capitalist economies but autocratic political systems, in which elections are either nonexistent or virtually meaningless. These examples remind us that both capitalism and socialism can coexist with authoritarian and democratic regimes.

Privatization and the U.S. Political Economy

As we've seen, the United States is a democracy based in capitalism. This capitalistic basis of our system is reflected in the recent trend toward the privatization of government services. As described in the previous chapter, privatization is the process of "farming out" government services to corporations, redesigning those services to fit a corporate mold, or redefining them as private choices rather than government responsibilities (Hacker 2006).

Privatization has affected many types of government services (Jurik 2004). Some cities and states contract out water testing and delivery to private bidders. Others deliver public water very cheaply to private bottlers, who earn extraordinarily high profits by filtering it and selling it as a luxury good. Yet public water supplies are both more heavily regulated and safer than are Perrier, Calistoga Springs, or other private waters (Public Citizen 2006). Similarly, health care in U.S. prisons is now primarily offered by doctors working under contract for private firms. Some states have gone even farther and have hired private companies to run their prisons, welfare systems, and other government services (Hallett 2002). Meanwhile, the federal government now encourages citizens to create their own pension savings accounts and health savings accounts, rather than relying on Social Security or government-funded health insurance programs.

Major public universities illustrate the second form of privatization: redesigning public services to mimic corporate processes. These universities are still owned and run by state and city governments but, like corporations, they increasingly focus on the bottom line (Washburn 2006). They now hire and fire professors less on the quality of their teaching, or even the quality of their research, and more on whether their research will bring grant dollars or remunerative patents to their university.

Political economy refers to the interaction of political and economic forms within a nation.

focus on



A GLOBAL PERSPECTIVE

Democratic Socialism in Sweden

What would it be like to live and work in Sweden? You would have guaranteed access to quality public transportation; guaranteed income if you were ill, disabled, or elderly; guaranteed access to comfortable housing; and free education all the way through college, graduate school, or professional training. If you or your partner gave birth or adopted a baby, you'd receive a full year of paid parental leave. When you returned to work, you could use a free, high-quality, state-funded day-care center. In exchange for these benefits, you would pay about 25 percent of your paycheck in federal income taxes and almost as much in local taxes.

Sweden is a democratic socialist society with an economy that mixes corporate capitalism with substantial welfare benefits for everyone. Because Sweden is a democracy, the majority of Swedes have voted to receive these benefits and to pay high taxes for them. But Sweden's economy wasn't always arranged this way.

Sweden owes its political economy in part to the rise of a strong labor movement (Koblik 1975). As industrialization began in Sweden in the 1870s, labor union members worked to create the Social Democratic Party, a political party dedicated to equitable wages, job security, and welfare programs for the entire society. While Communists in Russia were fighting and winning the Russian Revolution in 1914–1917, members of Sweden's Social Democratic Party were fighting for seats in Parliament. After



© Joe Rodriguez/Black Star Publishing/Picture Quest

All children in Sweden have access to free, high-quality day care.

holding power on and off during the 1920s, the Social Democratic Party won an important election in 1932. It has dominated Parliament in most elections since then, giving its social welfare politics time to develop deep roots.

The welfare state's emergence and success also reflect the deeply held Swedish belief that the community should look out for all its members. This attitude, in turn, has been fostered by the cultural homogeneity of the Swedish population. Until about 1980, the population of Sweden was overwhelmingly ethnically Swedish. Currently, however, foreign immigrants and their children comprise close to 20 percent of the Swedish population. Many now question whether support for the welfare state will decline either if ethnic Swedes become unwilling to extend their social

welfare system to immigrants or if immigrants reject the philosophies underlying the social welfare system.

Other forces also are putting pressure on Sweden's social welfare system. The globalization of the economy has made it more difficult for the Swedish government to keep transnational corporations based in Sweden from exporting jobs (Olsen 1996). In addition, economists point out that Sweden's system is based on an inherent irony: Strong and profitable capitalist businesses are necessary so that workers can be employed and taxes for welfare benefits can be collected. But insisting on generous worker benefits and full employment eats into capitalist profits (Olsen 1996).

Supporters of privatization argue that it brings greater efficiency to water supplies, prisons, universities, and other government services by motivating individuals to work hard and keep a sharp eye on cost-benefit ratios. Opponents argue that professors, scientists who test our water supply, guards who staff our prisons, and the like should make decisions based on what is best for our society, rather than on what will generate the greatest profit.



Primary production involves direct contact with natural resources—fishing, hunting, farming, forestry, and mining.

© Mira/Alamy

The U.S. Economic System

Why are lawyers paid more than schoolteachers? Why are so many small grocery stores in New York and Los Angeles run by Korean immigrants? Why do so few farm kids stay on the farm? And how much can you expect to earn after you graduate? To answer these questions, we first need to understand the economic “big picture.” To do so, we need to address three topics: the *postindustrial economy*, the *corporate economy*, and the “Wal-Mart Economy.”

The Postindustrial Economy

In a *preindustrial* economy, the vast majority of the labor force works in the primary sector. The **primary sector** is that part of the economy involved in extracting raw materials from the environment. The primary sector includes farming, herding, fishing, hunting, and mining. Such activities characterized Europe until 500 years ago and are still common in the least-developed societies.

The Industrial Revolution brought a shift from the primary sector to the secondary sector. The **secondary sector** is that part of the economy involved in processing raw materials. For example, the steel, textile, and lumber industries process raw materials into ore, cotton, and wood, respectively. Other industries in the secondary sector then turn these materials into automobiles, clothing, and furniture.

Postindustrial economies rest on the **tertiary sector** of the economy, the sector involved in the production of *services*. The tertiary sector includes a wide variety of occupations: physicians, schoolteachers, hotel maids, short-order cooks, and police officers. It includes everyone who works for hospitals, governments, airlines, banks, hotels, schools, or grocery stores. Rather than producing tangible goods, these organizations provide services to others. They count their production not in barrels or tons but in numbers of customers.

The tertiary sector has grown very rapidly in the last half century and is projected to grow still more. As Figure 13.3 illustrates, the tertiary sector grew from only

sociology and you

During the course of the day, you interact in some way with each sector of the economy. The *primary* sector provides any food that you eat “as is,” such as fruits and vegetables. The *secondary* sector processes raw foods into other foods (turning grain into flour and then into bread or cupcakes, for example). The *tertiary* sector ships those foods to a grocery store or restaurant and provides the salesclerks or waiters who sell the food to you.

The **primary sector** extracts raw materials from the environment.

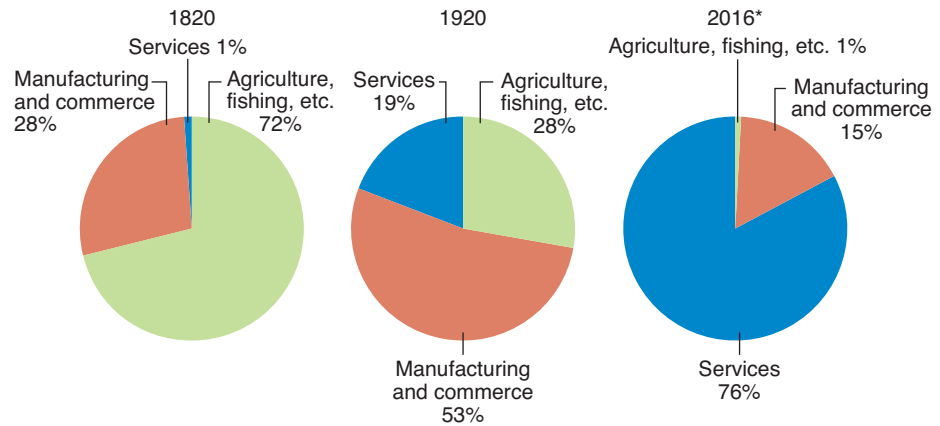
The **secondary sector** processes raw materials for sale.

The **tertiary sector** produces services for sale.

FIGURE 13.3 Changing Labor Force in the United States

Over the last 200 years, there has been a drastic shift in the U.S. labor force from the primary sector (agriculture, fishing, and so on), to manufacturing and commerce, and then to service provision.

SOURCE: U.S. Bureau of Labor Statistics (2002); Figueroa & Woods (2007).



1 percent of the labor force in 1820 to 19 percent in 1920. By 2016 it is expected to include 76 percent of the labor force. These days, almost no one is employed in the primary sector, and jobs in the secondary sector have fallen dramatically. This does not mean that the primary and secondary sectors no longer matter, however. The nation's service sector has been able to grow so large because the other sectors are now so efficiently productive and because we can draw on the primary and secondary sectors in other nations. This reflects the globalization of the economy that we first explored in Chapter 7.

The Corporate Economy

More than 250,000 businesses operate in the United States, ranging from hot-dog pushcart vendors to Microsoft. However, most of the nation's capital and labor are tied up in a few giant, transnational corporations. The top 20 U.S. companies are huge bureaucracies that control billions of dollars of assets and employ thousands of individuals. These giants loom large on both the national and international scene.

At the local level, you may know of one major employer who holds city and county government hostage and bargains for tax advantages and favorable zoning regulations in exchange for increasing or retaining jobs. Because of the growing size and interdependence of corporations, this scene is now reenacted at the federal and even international level.

Wealthy capitalists link to each other through shared ownership of large firms; large firms link to one another through the members on their boards of directors, the businesses they invest in, and the businesses that invest in them. As a result of this interdependence, relations among large firms have become more cooperative than competitive. Although decreased competition reduces productivity and efficiency, it increases joint political influence (Mizruchi 1989, 1990). For example, as the proportion of the nation's assets held by the top 100 firms increased, their political power increased and the taxes they were required to pay decreased—even while individual income taxes rose (Jacobs 1988).

That political power can extend to influencing U.S. foreign policy. A desire to protect the interests of transnational companies like Dole and United Fruit certainly played a role in the U.S. decision to support dictatorships in Guatemala, Honduras, and other Latin American countries during the twentieth century. Similarly, to protect transnational oil companies, the United States covertly orchestrated the 1951 coup against elected Iranian Prime Minister Mohammad Mossadegh and subsequently propped



AP Images

Although individual consumers benefit from Wal-Mart's low prices, the low pay and limited benefits it offers employees, coupled with its ability to drive competitors out of business, hurts communities in many ways. These factors have led to protests around the country.

up the authoritarian regime of the Shah of Iran (Kinzer 2003). (Popular resentment of the Shah's repressive regime eventually led to the Islamic Iranian revolution in 1979, which stimulated Islamic fundamentalism worldwide.) More recently, some observers argued that the United States invaded and occupied Iraq more to protect U.S. oil interests than to fight terrorism.

The “Wal-Mart Economy”

So far we have talked about entire segments of the economy at a time—large corporations, informal businesses, and so on. The implicit message is that no one corporation or organization is that important on its own. In fact, however, one corporation—Wal-Mart—is now so large and so powerful that it affects the entire U.S. economy.

Until the 1980s, federal laws prohibited any corporation from becoming a monopoly. A monopoly is a corporation that holds so large a market share for a given good or service that it could drive any competitors out of business and then set any prices it wanted for its goods and services. These laws were substantially weakened by elected officials, beginning with Ronald Reagan, who were opposed to “big government” of all sorts. The Wal-Mart economy is the result.

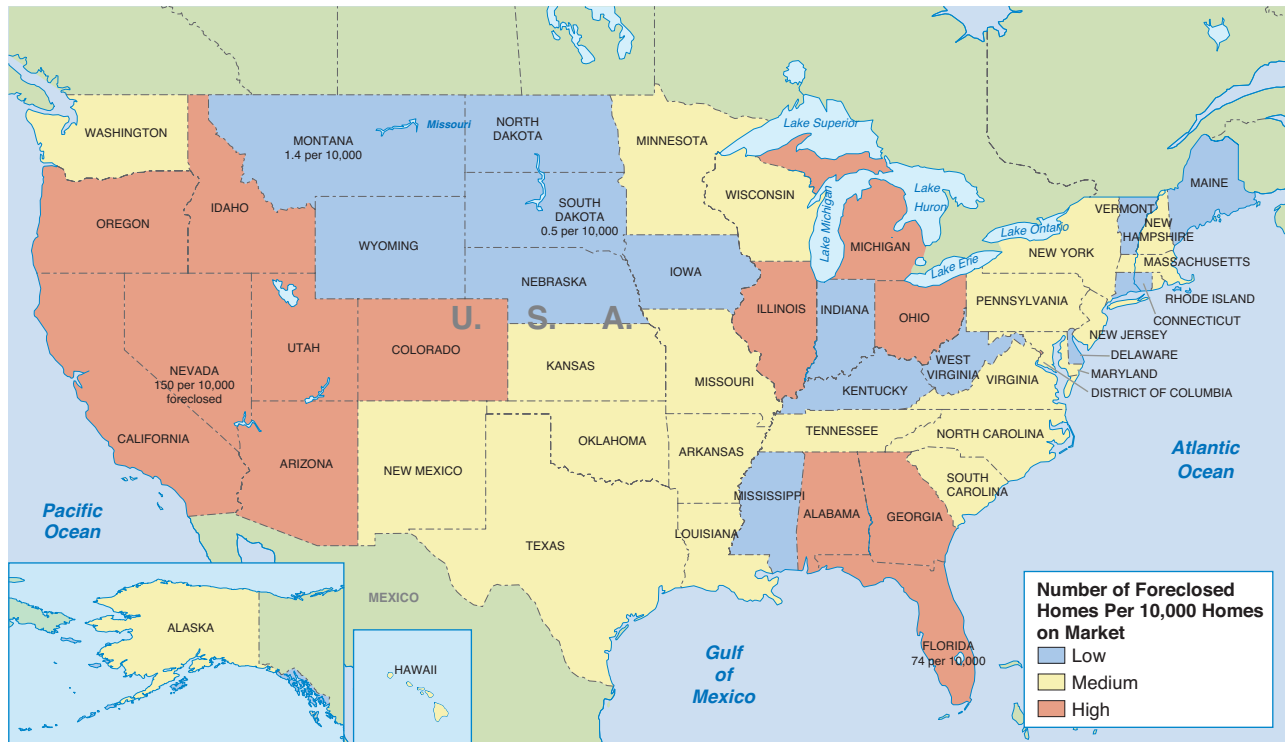
Wal-Mart earns its profit not by setting prices high, but by setting prices low and selling in vast quantities. Without question Wal-Mart's low prices benefit individual consumers. But everyone pays for these cheap goods in other ways. Because Wal-Mart holds such a large share of any given market (for toys, for tires, for clothing), any manufacturer that doesn't sell its products through Wal-Mart risks being driven out of business. Meanwhile, manufacturers that do work with Wal-Mart *also* can be driven out of business when Wal-Mart requires them to price their goods so low that the manufacturers no longer earn a profit. To avoid this fate, manufacturers have either cut wages to the bone or have moved jobs overseas in search of cheaper labor.

Many stores that used to compete with Wal-Mart also have been driven out of business by the company's predatory pricing; in towns across the United States, the arrival of Wal-Mart has quickly led entire downtowns to virtually shut down and has led to significant drops in wages at stores that continue to compete with Wal-Mart.

MAP 13.1: Number of Foreclosed Homes per 10,000 Homes on Market

Foreclosures have recently skyrocketed across the United States. The hardest hit states are those that experienced explosive growth in housing and housing costs over the last decade. In April 2009, 1 home was foreclosed in Nevada for every 67 homes on the market. In contrast, 1 home was foreclosed in South Dakota for every 21,000 homes on the market.

SOURCE: Calculated from data at realtimetrac.com. Accessed May 2009.



When small businesses go under, not only do individuals lose jobs, but towns lose a stable middle class with a vested interest in civic affairs. The resulting loss in jobs leaves many workers with no option other than to seek employment at Wal-Mart, where average salaries are below the poverty level (United Food and Commercial Workers 2006). In sum, in the new U.S. economy, Wal-Mart not only sets its own prices and employees' wages, but also effectively sets the prices for goods from its suppliers and for wages at both its suppliers and its competitors (Fishman 2006; Lynn 2006).

The Economy in Crisis

The U.S. economy is now a system in crisis. As of April 2009, one-quarter of U.S. residents can no longer pay their bills and more than half fear someone in their household will lose his or her job (New York Times 2009). Meanwhile, more than a million homes are in foreclosure. (Map 13.1 shows the distribution of foreclosed homes around the nation.) Finally, unemployment has soared and the stock market has plummeted, taking many Americans' pensions and savings accounts along with it. What has caused this crisis?

According to most observers, the crisis was caused primarily by soaring levels of debt, made possible by cutbacks in government regulation. These factors in turn

led housing and stock prices to rise sharply and then to plummet, taking much of the economy with them (Bernanke 2009; Posner 2009; Phillips 2008).

Over the last two decades, the U.S. government increasingly relaxed financial regulations to make it easier for individuals to get credit—whether or not anyone believed those individuals could pay their debts. If individuals eventually fell behind on payments, their banks and credit card companies charged high penalty fees and raised the interest rates they charged—both actions previously forbidden by government regulations. As a result, banks and credit card companies grew richer while individuals grew poorer.

Over time, however, as more and more Americans fell behind on their mortgages, the banks that had loaned money for those mortgages found it increasingly hard to pay their own bills. This triggered a crisis in public confidence in the entire financial system, leading stock investors to begin selling off their stocks. With many people selling and few buying, stock prices fell. Similarly, more and more people put their homes on the market, leading housing values and sales to drop as well. Because so much of the U.S. economy is linked to home construction, home sales, home furnishings, and the like, the drop in housing rippled throughout the economy.

Meanwhile, the same trend toward less regulation and more financial risk-taking put other parts of the economy at risk. In addition, banks became increasingly concerned about their own financial losses and increasingly afraid of loaning money to anyone. Because most businesses rely on constant loans to buy the goods they sell or the raw materials they need to produce those goods, when banks stopped giving out loans, many businesses failed, taking jobs with them.

Because of globalization, the economic crisis has spread around the world, with devastating results. For example, when Americans stop replacing their old computers with new ones, people in India lose jobs answering Americans' phoned-in computer questions, people in Thailand can no longer earn a living scavenging scrap metal from used computers that Americans throw out, and children in Mexico no longer receive money from immigrant parents who used to work in U.S. computer factories or stores.

The current economic crisis strongly suggests that the free-market, capitalist system only works when balanced by government regulation (Posner 2009).

Work in the United States

From the individual's point of view, the economy often boils down to jobs. For some, jobs are just jobs; for others, they are careers. Either way, work plays a central role in most people's lives. This section looks at the different types of work, the experience of work, the nature of unemployment and underemployment, and the future of work in the United States.

Occupations

Your occupation affects your life in many different ways. Here we look at the important differences between professional occupations, nonprofessional occupations, and occupations in the “underground economy.”

Professional Occupations

The most prestigious occupations are the **professions**. Sociologists generally define an occupation as a profession when it meets three characteristics: autonomy, highly

Professions are occupations that demand specialized skills and creative freedom.

specialized training, and public trust. First, a profession must have the autonomy to set its own educational and licensing standards and to police its members for incompetence or malfeasance. For example, doctors, rather than consumers, make up the licensing boards that judge doctors accused of incompetence. Second, a profession must have its own technical, specialized knowledge, learned through extended, systematic training. For example, both lawyers and car mechanics have specialized knowledge, but lawyers must study for years before entering the field, whereas mechanics need study only for months. As a result, sociologists consider lawyers to be professionals, but not car mechanics. Third, a profession must be believed by the public to follow a code of ethics and to work more from a sense of service than from a desire for profit. So, for example, even though the public realizes that some individual ministers, doctors, and lawyers place personal profits above public service, it believes that most members of these professions do not.

The rewards that professionals receive vary considerably: Physicians certainly earn higher income and prestige than do schoolteachers. All professionals, however, enjoy greater-than-average freedom from supervision. Because their work is nonroutine and requires personal judgments, professionals can demand the right to do their work more or less their own way.

That said, professionals' freedom from supervision has declined over time. Increasingly, professionals work for others in bureaucratic structures that reduce their autonomy. Teachers must now spend considerable class time prepping students for standardized exams, and doctors must limit their prescriptions to drugs approved by health insurance companies.

Nonprofessional Occupations

Most U.S. workers hold nonprofessional occupations. Nonprofessional occupations do not require long years of education, do not have the autonomy to set their own educational and licensing standards, and do not have the public's confidence that they are motivated primarily by a code of ethics and a sense of service. To label these jobs *nonprofessional*, however, does *not* imply that these workers do not try their best to do high-quality work. As in any occupation, some individuals are skilled, reliable, and caring and some just skate by.

Nonprofessional jobs vary enormously, from store managers, small business owners, and auto mechanics to janitors, typists, and call-center operators. Some work with their hands, some with their minds; some work on their own, some under heavy supervision. Some (such as electricians) can earn more than some professionals (such as public defense lawyers). It is thus difficult to draw generalizations about these jobs.

Nevertheless, nonprofessional occupations typically offer lower incomes, lower status, lower security, closer supervision, and more routine than do professional occupations. In addition, and reflecting the changes in the U.S. economy shown in Figure 13.3, nonprofessional jobs increasingly are located in the service (tertiary) sector: Compared to past years, far fewer U.S. residents now work in factories and far more fry hamburgers, collect bad debts for credit card companies, or work as nurses' aides.

"Underground" Work

An important type of work that often goes unnoticed is employment in the **underground economy**. This is the part of the economy associated with workers who are trying to hide from state regulation. It includes illegal activities such as prostitution; selling fake Gucci bags; and smuggling immigrants, drugs, or cigarettes. It also includes a large variety of activities that would be legal if the workers or employers

The **underground economy** is associated with workers who are trying to hide from state regulation.



The fastest-growing jobs in the United States today are minimum-wage service jobs that offer few benefits and fewer prospects for advancement.

© Seth Resnick

met government standards. For example, native-born citizens may work as contractors without proper licenses, undocumented immigrants may work on construction jobs without necessary visas, and legal immigrants may work in sweatshops that don't meet government health and safety standards.

Underground work can occur in professional as well as nonprofessional occupations. A doctor from Russia might sell his services to fellow immigrants in the United States even though he lacks a license to practice here, or a graduate student from Mexico might work as a computer programmer even though her visa forbids her from earning an income here.

Often referred to disparagingly as “fly-by-night” businesses, underground enterprises are nevertheless an important source of employment. This is especially true both for poor communities that lack the services and jobs available in other communities and for individuals who want to avoid government notice: undocumented immigrants, disabled people who don't want their earnings to reduce their disability benefits, adolescents too young to meet work requirements, and many others.

The Experience of Work

For most of us, work is a necessary means of earning a living. In addition, as noted in Chapter 7, work also gives us our position in the stratification structure and affects our health, happiness, and lifestyle.

Work also structures our lives. It determines when we wake up, what we do all day, who we do it with, and how much time we have left for leisure. If we ourselves do not hold a job, our parents' or spouses' jobs may structure our lives: There's a big difference—one that goes beyond mere income—between being a preacher's kid or an army brat, a doctor's wife or a janitor's wife. Thus, the nature of our work and our attitude toward it can have a tremendous impact on whether we view our lives as fulfilling or painful. If we are good at our work, if it gives us a chance to demonstrate

competence, and if it is meaningful and socially valued, then it can significantly increase our life satisfaction.

Work Satisfaction

U.S. surveys consistently find that most workers (80 percent) report satisfaction with their work. This statistic may represent acceptance of one's lot more than real enthusiasm, but it's nonetheless remarkable.

Generally, professionals report the most job satisfaction. Professionals have considerable freedom to plan their own work, to express their talents and creativity, and to work with others. They also enjoy both public respect and good incomes. The least satisfied workers are those who work on factory production lines. Although some earn good incomes, their work offers little emotional satisfaction, they have little control over the pace or content of their work, and they have few opportunities to interact with co-workers. Skilled and semiskilled workers fall between these two extremes. Nevertheless, even those who hold highly routine, physically demanding jobs such as cashiers and cooks at fast-food restaurants often enjoy the satisfactions of doing a job well, earning a steady paycheck, and socializing with fellow workers (Newman 1999b).

Alienation

Another dimension of the quality of work life is alienation. **Alienation** occurs when workers have no control over their labor. Workers feel alienated when they do work that they think is immoral (build bombs) or meaningless (push papers or brooms, or put together small pieces without understanding how those small pieces will form a larger whole). Work is also alienating when it takes physical and emotional energy without providing emotional satisfaction in return. Alienated workers feel *used*.

The concept of alienation was first developed by Karl Marx to describe the factory system of the mid-nineteenth century. In 1863, a mother gave the following testimony to a committee investigating child labor:

When he was seven years old I used to carry him [to work] on my back to and fro through the snow, and he used to work 16 hours a day.... I have often knelt down to feed him, as he stood by the machine, for he could not leave it or stop. (as quoted in Hochschild 1985, 3)

This child was used as a tool, just like a hammer or a shovel, to create a product for someone else.

Although few Americans work on assembly lines anymore, modern work nonetheless can be alienating. Service work, in fact, has its own forms of alienation, known as **emotional labor**. In occupations from nursing to teaching to working as flight attendants, both our bodies and our emotions become tools. To satisfy customers, we must smile and act cheerful even when customers are mean, rude, or abusive.

Performing emotional labor can be very stressful. After smiling for 8 hours a day for pay, we may feel that our smiles have no meaning at home. We may lose touch with our emotions and feel alienated from ourselves, especially if we have no control over our job conditions (Hochschild 1985; Bulan, Erickson, & Wharton 1997).

Alienation occurs when workers have no control over the work process or the product of their labor.

Emotional labor refers to the work of smiling, appearing happy, or in other ways suggesting that one enjoys providing a service.

Unemployment and Underemployment

But even the worst job is typically better than no job at all. Between December 2007 and May 2009, the United States lost 6 *million* jobs. Currently, the government estimates that 10 percent of Americans are unemployed (Haugen 2009).



Enigma/Alamy

Many waitresses are required to engage in emotional labor—smiling, laughing, even allowing patrons to hug or pinch them—as part of their job. These Hooters waitresses are expected to help customers celebrate their birthdays even if the customers are drunk or rude.

According to the federal government, an individual is **unemployed** if she lacks a job, is available for work, *and* has actively sought work during the last 4 weeks (gone on a job interview, sent out a resume, or the like). This is the definition typically used whenever politicians, researchers, or newscasters talk about unemployment. This definition, however, leaves out anyone who has not looked for work in more than 4 months because it seems hopeless.

The official definition of unemployment leaves out those who are *underemployed*. People who used to work full time but now can find only part-time work and people who used to work as managers or carpenters but now can find work only as salesclerks are considered **underemployed**. Because the official unemployment rate leaves out both those who have become discouraged about job seeking and those who are underemployed, many argue that it underestimates unemployment levels. When we combine unemployed workers, discouraged workers, and underemployed workers, the unemployment rate increases by about 50 percent, to 16 percent of Americans currently (Haugen 2009).

Unemployment and underemployment rise and fall together: Whenever people lose their jobs, more and more people must chase fewer and fewer jobs. Figure 13.4 on the next page shows the change over time in the number of people seeking work compared to the number of job openings. As of March 2009, there were 4.8 workers for each job opening.

The Future of Work

What will the world of work look like for Americans in coming years? To answer this question, we need to look at the shifting nature of the U.S. economy, the growing impact of technology, the potential impact of globalization, and the policies the U.S. government may employ to protect jobs.

Unemployed people are those who lack a job, are available for work, *and* are actively seeking work.

Underemployed people hold jobs more appropriate for someone with fewer skills or hold part-time jobs only because they can't find full-time jobs.

FIGURE 13.4 The Loss of Jobs for U.S. Workers

Beginning in December 2006, the number of individuals seeking work rose sharply compared to the number of jobs available. As of March 2009, there were 4.8 workers for each job opening.

SOURCE: Shierholz (2009). Permission of Heidi Shierholz and Economic Policy Institute. From Nearly Five Unemployed Workers for Every Available Job. http://www.epi.org/publications/entry/jolts_20090512/.



Occupational Outlook

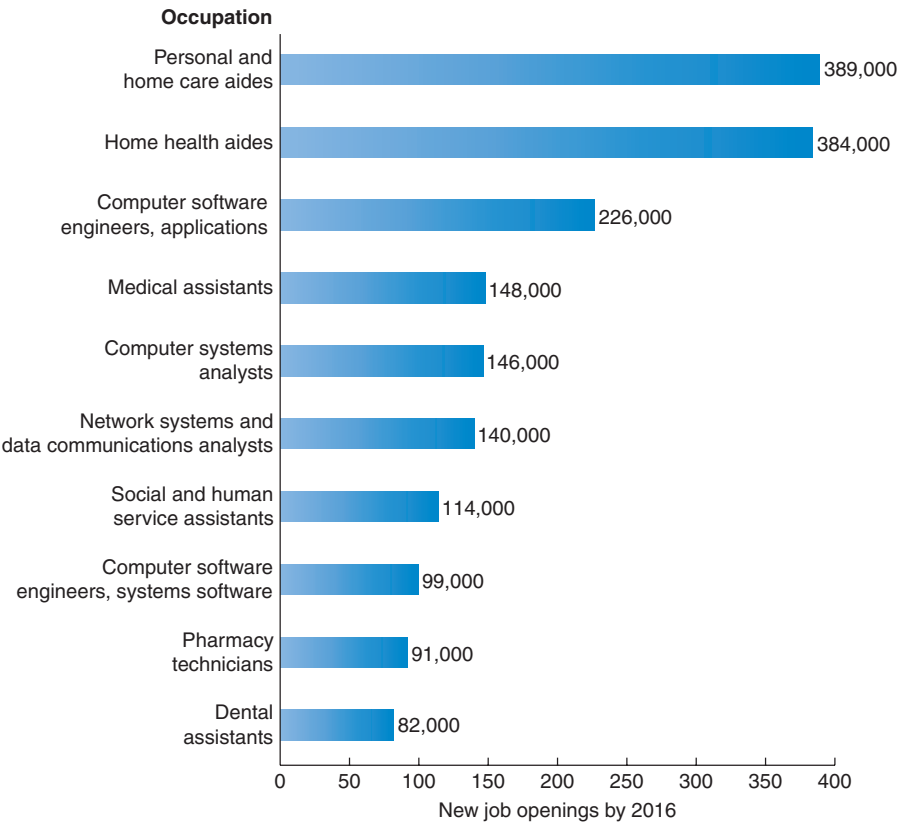
As Figure 13.3 indicated, U.S. jobs increasingly cluster in the tertiary (service) sector. In fact, as Figure 13.5 shows, the ten fastest growing occupations are all service jobs, and seven of these ten are low-wage and low-skill jobs.

In contrast, other occupations are expected to suffer major declines. Job losses are expected to be highest in fields that rely on older technologies (such as

FIGURE 13.5 The Ten Fastest-Growing Jobs

The occupations listed will likely experience the greatest increase in new job openings between 2006 and 2016. The increase in jobs will be greatest in personal services, information technology, and health care.

SOURCE: U.S. Bureau of Labor Statistics (2007).



newspaper reporters) and fields that can be shifted overseas (such as printing and farming).

The big question is what kind of new jobs the economy will offer. Optimistic observers note that many executive and professional jobs are growing faster than average and suggest that the high quality and good pay of these new jobs indicate what awaits today's college graduates. Others focus on the rapid increase in what one critic has called "McJobs" (Ritzer 1996). Although not all these jobs entail selling hamburgers, many—such as health aides, personal and home-care aides, and cashiers—offer little status, low pay, and no benefits.

Both the optimists and the critics are correct in part. Although a 4-year college degree will not guarantee a secure, well-paying job, good jobs for college graduates and those with technical training—computer engineers and scientists, registered nurses, and systems analysts—nonetheless are growing rapidly. So, too, are low-paying, low-status jobs—such as nurses' aides, child-care workers, and waiters—often done by women (James, Grant, & Cranford 2000). Thus, the fastest-growing occupations require either years of advanced education or almost no skill at all, with the latter offering very little reward. The traditional working class stands to lose the most. Unlike their parents, who could find good, unionized jobs, young working-class people who do not obtain a 4-year college degree will find a hard road ahead (Blau 2001; Perrucci & Wysong 2002).

Technology and the Future

In our modern world, the experience of work is intimately linked to the nature of technology. But does technology help or hurt workers? Critics of technology argue that it harms workers by deskilling them, displacing them, and increasing supervision over them.

DESKILLING Because of technology, many occupations now require so little skill that workers find it hard to take pride in a job well done. Such *deskilling* can occur either when a job is mechanized or when workers must perform their job in ways set by others.

Deskilling affects both professional and nonprofessional workers (Burris 1998). For example, nurses and doctors these days often are required to follow set protocols for treating patients and have little freedom to make independent decisions (Weitz 2010). Similarly, in modern sawmills, computers now calculate how to cut each log to get the most usable lumber from it—a task that used to be performed by highly skilled and valued workers.

DISPLACEMENT OF THE LABOR FORCE As the sawmill example suggests, in many industries technology has replaced people with machines. In the automobile industry—or what's left of it—robots have replaced thousands of workers. In grocery stores, computerization has largely eliminated inventory clerks and pricing personnel and is increasingly replacing cashiers with "self-check-out" aisles. Meanwhile, in industry after industry, sophisticated technology has sharply reduced the time—and the number of workers—needed to produce goods and services. Thus one reason workers seldom complain about deskilling is that they are happy to still have a job.

GREATER SUPERVISION Computerization and automation give management more control over both production and workers. For example, the scanner machines used at grocery store checkouts do not simply total your grocery bill. They also keep tabs

on the checker by producing statistics such as number of corrections made per hour, number of items run through per hour, and average length of time per customer.

THE IMPACT OF TECHNOLOGY Whether new technologies are an enemy of labor may depend on which laborer we ask. Those persons whose jobs are being replaced by new technologies are unlikely to see anything good about them. This is true not only for working-class people whose jobs have been mechanized but also for professionals whose jobs can now be outsourced via the Internet to people in other states or nations. On the other hand, those who have good jobs in new industries made possible by new technologies obviously benefit from these technologies. But even they may occasionally wonder how much they benefit when technologies such as BlackBerries, Twitter, and blogs allow—or even require—that they work at home, expanding work into a 24-hour-a-day job.

Technology by itself is a neutral force: It can aid management or it can aid the workers. Which technologies are implemented and the way they are implemented reflect a struggle between workers and management, and this struggle, not the technology itself, will determine the outcome.

Globalization and the Future

The globalization of the economy has led to the loss of many jobs in the United States. For example, during 2007 and 2008 Honeywell International (based in New Jersey) closed factories and fired hundreds of workers in the United States. In 2009, it announced plans to hire 3,000 workers for a new research and development center in India.

In some ways, globalization is leading our national economy through a process of reverse development: Like a least-developed country, we export raw materials such as logs and wheat and import manufactured products such as DVD players and automobiles. People in Mexico, Japan, and Korea have jobs manufacturing products for the U.S. market while U.S. workers are making hamburgers.

But factory workers are not the only ones affected by the loss of American jobs. Increasingly, even professional work like computer programming and scientific research has moved overseas in search of cheaper workers. Countries like India now offer highly skilled workers, fluent in English and better at math than most Americans, who are willing to work for far less than will U.S. workers. As a result, the safest bet for Americans are jobs that require customer and worker to be in the same geographic location, such as dog walker, grocery clerk, or doctor.

Protecting U.S. Jobs

How can policy makers protect jobs in the United States? There are three general policy options: the *conservative approach*, the *liberal approach*, and the *social investment approach*.

THE CONSERVATIVE APPROACH: FREE MARKETS Generally, business leaders and conservatives argue that the way to keep jobs in the United States is to reduce government oversight and leave wages and benefits up to market forces. In effect, this means reducing wages and benefits so businesses will have less incentive to automate jobs or move them overseas.

This approach has been adopted across the nation. In response to threats from businesses to close plants and eliminate jobs, workers have accepted lower wages and reduced benefits, and cities have agreed to reduce business taxes.

THE LIBERAL APPROACH: GOVERNMENT POLICIES Liberals argue that private profit should not be the only goal of economic activity. Instead, they suggest that governments should strive to protect workers. Among other things, liberals recommend that governments should (1) invest in industries that will provide decent jobs, (2) oversee corporate mergers and plant closings to protect workers' interests, and (3) enact subsidies and surcharges to make U.S.-made goods more competitive and to reduce the advantage that foreign-made products have in the United States.

In addition, liberals favor social welfare policies to protect those who lose their jobs. These policies include offering generous unemployment benefits, developing programs to retrain laid-off workers, and requiring corporations to give workers advance notice of plant closings. Such policies are common in Western Europe, especially in the Scandinavian countries.

THE SOCIAL INVESTMENT APPROACH Finally, some observers (both liberal and conservative) note that low-tech jobs move overseas solely to save money, but high-tech jobs move overseas both to save money *and* to seek educated workers (Lohr 2006). These observers argue that the United States can best protect high-income jobs in information technology and scientific research by ensuring that American students receive quality education in reading, writing, science, and mathematics, from grade school through graduate school.

Where This Leaves Us

As you study to prepare for a career, the economy is changing all around you. As a result, you likely will need to seek new jobs and new job skills several times before you eventually retire. New technologies, globalization, the “Wal-Mart Economy” and continuing economic troubles will further change the job situation in coming years.

In Western Europe, citizens have long expected their governments to help workers when times are tough. The current crisis has led increasing numbers of Americans to feel the same way. On the other hand, so long as relatively few Americans vote, and voting rates remain especially low among those who most need government help, politicians have little incentive to protect ordinary workers. If this economic crisis deepens, however, these patterns could change.

Summary

1. Power may be exercised through coercion or through authority. Authority may be traditional, charismatic, or rational-legal
2. Any ongoing social structure with institutionalized power relationships can be referred to as a form of politics. The most prominent political institution is the state. It is distinguished from other political institutions because it claims a monopoly on the legitimate use of coercion and it has power over a broader array of issues. Globalization, however, may limit this power.
3. Democracy is most likely to flourish in societies that have vibrant, competing interest groups, large middle classes, and relatively little income inequality.

4. The two major models used to describe the U.S. political process are the pluralist model and the power-elite model. Although they disagree on whether power is centered in an elite or more broadly distributed, they agree that organized groups have far more power to influence events than do individuals.
5. Voting and other forms of political participation are especially low in the United States. Political participation is greater among older persons, whites, and those with more income or education.
6. Although the Democratic Party tends to attract working-class and minority voters and the Republican Party tends to attract white and better-off voters, both U.S. political parties tend to have middle-of-the-road platforms with broad appeal. Public sentiment may be shifting toward the Democratic Party.
7. Some sociologists believe that voting rates are lower in the United States than in other industrialized countries because potential voters are politically alienated. Others believe that rates are low because government policies make it difficult or impossible for Americans to vote and because no major political party has actively sought to involve marginalized groups.
8. Capitalism is an economic system that maximizes productivity but pays little attention to the equitable distribution of resources to the people; socialism emphasizes distribution of resources but neglects aspects of production. Most societies mix capitalist and socialist elements in their economies.
9. Each nation has its own political economy: the particular combination and interaction of political and economic forms within a nation. Both capitalist and socialist nations can be either democratic or dictatorial.
10. Changes from preindustrial to industrial to postindustrial economies profoundly affect social organization. The tertiary sector of the economy provides employment for about three-quarters of the U.S. labor force; it includes doctors and lawyers as well as truck drivers and waitresses.
11. A small number of a few giant, transnational corporations now hold considerable power over local, national, and even international political and economic matters. These corporations often work together for their shared interests.
12. Currently, one corporation, Wal-Mart, has the power to affect organizations and individuals across the economic spectrum. Because of its great market share, it can affect prices for workers' labor, for its suppliers, and for its competitors.
13. The current economic crisis was caused primarily by soaring levels of debt, made possible by cutbacks in government regulation. Because of globalization, this economic crisis has spread around the world.
14. Professional occupations are those that (1) can set their own educational and licensing standards; (2) have their own specialized knowledge, learned through years of training; and (3) are believed by the public to be motivated by ethics and a sense of service.
15. The underground economy consists of all income-generating activities that are hidden from government regulation, including prostitution and working without proper licenses or visas.
16. Although most U.S. workers report satisfaction with their work, many nevertheless feel alienated because they are estranged from the products of their labor or from their emotions.
17. Unemployed persons are those who lack a job, are available for work, *and* have actively sought work during the last 4 weeks. Underemployed persons are those who can find only part-time work or work that does not fit their credentials and experience. Both unemployment and underemployment have soared recently.
18. For the near future, the largest number of new jobs will likely be in service work, much of which offers little status and low wages.
19. Critics argue that technology has had three ill effects on labor: deskilling jobs, reducing the number of jobs, and increasing control over workers.

Thinking Critically

1. The family and the classroom are more often authoritarian than democratic. Give examples of how this works, and explain the pros and cons of autocratic versus democratic approaches.
2. Keeping in mind what you just read about the factors associated with voting, how (if at all) do you think the 2008 presidential election will affect future voting rates? Why?
3. As an *employee*, what would you like about working in Sweden? What would you dislike? As an *employer*, what would you like and dislike about doing business in Sweden? How can Sweden's democratic socialist

government continue to resolve the differences between the interests of workers and those of business?

4. How has technology affected your schoolwork in the last 10 years? How has it made your work easier? harder? How has it made it easier or harder for teachers to monitor or control your behavior?
5. How do you think a postindustrial economy will affect your work life? How will a globalized economy affect you?
6. Which of the three general policy options outlined in the text do you think the United States should follow? Why?

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