THIRD EDITION

Human Behavior AND THE Larger Social Environment

CONTEXT FOR SOCIAL WORK PRACTICE AND ADVOCACY

Miriam McNown JOHNSON

Rita RHODES

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To our social work students

Contents

Preface to the Third Edition

For the past twenty years we have had the privilege of introducing students in the classroom to content on human behavior and the social environment. When we started there was scant attention to the larger social environment in social work human behavior courses.

Now social work educators are aware that the context of social work practice is both important and constantly changing. For example, attitudes towards LGBT people and legal recognition of the rights of same-sex couples have changed dramatically over the course of just a few months. On the other hand, the country appears to be going backward in other areas; political divisiveness and voter suppression are serious concerns. It is important that students have both a deep understanding and ability to make sense of an evolving social environment, as well as current information and data. We believe that this text helps students meet that challenge.

In writing this text, one of our goals was to make the material useful to beginning social work students without overwhelming them. We made decisions based on our belief that it is not important for students to learn and memorize specific definitions or lists so much as it is imperative that they be able to reflect critically on

new ideas and apply abstract concepts to different situations. With this in mind, we have applied the following strategies. First, we have used a limited number of perspectives and theories that students can learn thoroughly and well. Second, although we have explored many sources, we usually offer a single, simple definition of a term. Our definitions may not agree entirely with what other authors have written, but they work well for material presented in this book. Third, we have reduced some concepts, perspectives, or theories to their most essential elements in an effort to make them more understandable. In doing so, we have sacrificed some complexity that might be appropriately incorporated at more advanced levels of study. Finally, we have arranged concepts in ways that are arguably arbitrary; some social work authors and sociologists have organized them differently. We found this arrangement works best for us and for the students and instructors who use this text in their Human Behavior and the Social Environment (HBSE) classes.

We have deleted outdated content and replaced it with material that is the most recent available. In many cases that meant that we used current news sources and websites (from government sources and from respected organizations such as the Economic Policy Institute, the Pew Center, the Kaiser Family Foundation, the Sentencing Project, and the Human Rights Campaign) rather than academic journals. In some instances, the information—such as innovations in social media, immigration reform, efforts to increase the minimum wage, and state laws and court cases related to same-sex marriage—was literally evolving as we wrote. Our goal was to provide examples for which the application of perspectives and theories was current and relevant.

ORGANIZATION OF THE TEXT

Based on the feedback we have received, we believe that this text can be used before, after, or concurrently with a course on individual development. It also provides a broad foundation for courses on policy practice, practice with communities and organizations, and diversity.

The text is composed of four sections and ten chapters. Part I is an introduction to the basic theoretical perspectives that social scientists use.

In addition, we include preferred social work perspectives. Chapter 1 explains the major perspectives that are systematically revisited in the chapters that follow.

Part II presents eight social institutions, beginning in chapter 2 with politics and the economy. Chapter 3 addresses those social institutions that are, for the most part, government-related: education, criminal justice, and the military. This material provides foundation content for students who may enter careers in school social work, work with legal offenders and their families, and members of the military, veterans, and their families. Chapter 4 covers three social institutions that are not, for the most part, government-supported: health care; religion; and mass media, social media, and communications technology.

Part III discusses social structure in American society. Chapter 5 examines social stratification, giving particular attention to the issue of social class and the troubling gap in income and wealth. Chapter 6 considers the role of cultural diversity in influencing individuals and families, and chapter 7 presents information on gender, sexual orientation, and disability. Both chapters also address issues of inequity and oppression.

Acknowledging that human behavior is dependent on context, part IV gives attention to the social settings that individuals and families inhabit. Chapter 8 covers locational communities. Chapter 9 discusses organizations. Chapter 10 presents residential institutions, which are a likely major source of employment for social workers in the twenty-first century.

In summary, this text represents our effort to reinforce the unique social work outlook that human behavior is shaped by systems beyond the intrapsychic and familial domains. It is essential that students recognize the power of large systems to harm the most vulnerable among us. We believe that such an understanding will well serve the next generation of social workers.

Throughout the book, social and economic justice emerges as a constant theme. Students are encouraged to think critically about the mechanisms of oppression and discrimination in both historical and contemporary contexts. We hope that such knowledge would bring students to examine the values of the larger society as well as their own and to become advocates to advance social and economic well-being.

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Core Competencies Addressed

The Council on Social Work Education accredits programs of social work education in the United States. It requires that students be able to demonstrate core competencies and practice behaviors. This textbook addresses many of these competencies and practice behaviors in depth.

CSWE CORE COMPETENCIES AND PRACTICE BEHAVIORS*
EXAMPLES IN THIS TEXT

Competencies and Practice Behaviors	**Chapters**
2.1.3—Apply critical thinking to inform and communicate professional judgments.	
• distinguish, appraise, and integrate multiple sources of knowledge, including research-based knowledge, and practice wisdom	1–10
2.1.4—Engage diversity and difference in practice.	
• recognize the extent to which a culture's structures and values may oppress, marginalize, alienate, or create or enhance privilege and power	2–7
• gain sufficient self-awareness to eliminate the influence of personal biases and values in working with diverse groups	5–7
• recognize and communicate their understanding of the importance of difference in shaping life experiences	5–7
2.1.5—Advance human rights and social and economic justice.	
• understand the forms and mechanisms of oppression and discrimination	2, 3–7, 9–10

2.1.7—Apply knowledge of human behavior and the social environment.	
• utilize conceptual frameworks to guide the processes of assessment, intervention, and evaluation	1–10
• critique and apply knowledge to understand person and environment	1–10
2.1.9—Respond to contexts that shape practice.	
• continuously discover, appraise, and attend to changing locales, populations, scientific and technological developments, and emerging societal trends to provide relevant services	2–4, 8

**Adapted with the permission of the Council on Social Work Education*

PART I

Conceptual Frameworks

The Council on Social Work Education (2008, pp. 4, 6) requires that social work students be able to "utilize conceptual frameworks to guide the processes of assessment, intervention, and evaluation," and "distinguish, appraise, and integrate multiple sources of knowledge." Chapter 1 introduces students to sociological and social work perspectives that are used throughout the text to promote critical thinking and enhance understanding.

REFERENCE

Council on Social Work Education (2008). *Educational policy and accreditation standards.* Council on Social Work Accreditation, Inc. Retrieved from http://www.cswe.org/File.aspx?id=41861.

CHAPTER ONE

Introduction to Perspectives and Theories

WHERE WE BEGIN

Abigail Garvey was seeing her last client for the day. Abby guessed that Jennifer Floyd, like many of her recent clients, would be asking for information about the resources that were available for newly unemployed workers in Oak Grove. Abby was already aware of how precarious Jennifer's economic situation was, having made a referral for her to Consumer Credit Counseling for help in managing her family's credit card debt a few months previously.

Jennifer had been a longtime client of Abby's. Jennifer had met with Abby seven years ago, when she graduated from high school, for career planning. Jennifer was undecided on whether to enroll in classes at the local tech school or take a job at the local big box retail store. Jennifer decided to take the job because, as she pointed out, she could begin earning money immediately and marry her high school sweetheart, Zachary Schneider. Jennifer was drawn to Zach as someone who had a strong work ethic and the potential to be a loving, involved father. Zach was already employed at the local electronics manufacturing plant and had a promising future there.

Jennifer was determined to join Zach and her older siblings in the town's typical employment pattern—going straight from high school to working in the community. Abby remembered thinking at the time that she wished that Jennifer, who was bright and seemed ambitious, had considered a wider range of options. Six months later, Jennifer was married. A year later, she had her first child and fifteen months after that, twins. The wages at the plant were not bad, and with Jennifer and Zach working different shifts, obtaining child care was not a problem.

Now the plant was closing. It was being moved to Mexico where local workers would receive $8 per day to do what Zach had done for $11 an hour. Although he would receive temporary unemployment benefits, they would lose their family health insurance. Jennifer was being paid just slightly more than minimum wage and because she worked part-time, was not eligible for benefits.

Jennifer felt overwhelmed—she and Zach had finally made some progress in paying down their credit card bills, but now the children all had ear infections that required doctor visits and prescription medication,

and their older model car was becoming increasingly unreliable. Because her family and friends were also facing hard times, Jennifer didn't feel that she could count on them for support.

Abby was not much older than Jennifer. She had forgone four years of salary and had postponed marriage and having children in order to obtain her BSW degree. Despite her training, the words "I told you so" came to mind when she considered Jennifer's predicament. Abby had always thought that the most difficult part of counseling was watching her clients make poor choices. On the other hand, how could anyone have predicted that the U.S. economy would falter so badly and recover so slowly and the plant would close? Blaming Jennifer, or telling her what she should have done seven years ago, obviously wouldn't help now.

Like Abby, some social workers may believe that some clients' problems originate in their own poor choices. But social workers are trained to use more than common sense, instincts, and good intentions in analyzing situations. They are taught to understand that human society and all of its parts interact in complex ways that are not easily reduced to simple, linear, cause-and-effect explanations. Jennifer's decision to terminate her formal education at age eighteen is not necessarily the cause of her family's impending economic crisis. Abby needs to consider that Jennifer is an employee of an organization, a member of a community, and a participant in an economic system that also shaped her life chances.

There are discernable patterns in human behavior and in the social systems that humans create. Jennifer's problems are not unique to her, her employer, or even to her community. Social work courses taught Abby that while she must respect Jennifer's individual choices, there are also other descriptions and explanations of circumstances that will help Abby select an appropriate intervention.

In addition, there are multiple ways of understanding the same events. In counseling sessions, Jennifer will present her view of what is happening and why. Her immediate supervisor, and the executives at company headquarters, might see things quite differently, not to mention the company's stockholders, the town council, her fellow employees, politicians and legislators, and other stakeholders. Abby will review her own perspectives.

Abby will conclude that all of these points of view have elements of truth, but that one or two of them are more useful in understanding Jennifer's situation, in selecting a practice model, and then in formulating a course of action.

SHIFTING PERSPECTIVES IN SOCIAL WORK

A *perspective* is a particular point of view that reflects "taken-for-granted" assumptions or a system of beliefs. Perspectives provide a broad conceptual and value framework within which theory development or selection takes place (Chess & Norlin, 1991). Most people would agree that a perspective is not intended as a guide for practice. Perspectives have strong explanatory power and are thus useful for assessments, but do not prescribe specific forms of intervention. Instead they allow the thoughtful selection of one or more practice theories.

As a profession, social work has borrowed extensively from other disciplines, including the social sciences (e.g., sociology, psychology), the life sciences (e.g., biology, genetics), and the humanities (e.g., religion, philosophy, history). There is no perspective or body of theories that is totally unique to social work, although some perspectives and theories are used more often than others.

Historically, social workers and social work educators have shifted from one perspective to another. During the 1960s and 1970s, the social work profession moved from an emphasis on intrapsychic phenomena to an orientation that also paid attention to social environments and larger social systems (Leighninger, 1978). The systems perspective served as a theoretical bridge to address person *in* environment as a unitary focus rather than the false dichotomy of person *and* environment that had characterized earlier stages (Hearn, 1979).

The systems theory perspective also views behavior patterns as interactional and reciprocal rather than linear. In other words, rather than an explanation that says, in effect, a particular action on the part of A results in a predicable response from B, systems theorists would say that B is influenced by A, but A is at the same time also influenced by B. A and B could be individuals, families, or groups, or an individual in a family, or

a group in an organization, and so forth. The limitations of a linear model seemed to be corrected by an emphasis on thinking systemically.

By the 1980s the social system approach, which emphasized system stability, was beginning to be challenged. Although social workers continued to pay attention to person-in-environment concepts, some believed that a clearer understanding of how and why systems change was needed. The ecosystems perspective, which has strong roots in systems theory, replaced the systems perspective with greater attention to process and what happens across encounters, reflecting the reciprocal relationships between organisms and their environments. Both perspectives are described in greater detail next.

PERSPECTIVES USED IN THIS TEXT

Because this text is concerned primarily with the broader contexts of human behavior, it draws heavily on sociological perspectives. In their analyses of macro (large) systems, sociologists predominantly rely on two perspectives: the functionalist perspective and the conflict perspective. Two other perspectives, the social constructionist perspective and the rational/social exchange perspective, are often used in the analysis of smaller systems and individual interactions. We (the authors) believe, however, that the social constructionist perspective and the rational/social exchange perspective offer useful insights in examining some social institutions and social settings. We include the ecosystems perspective because it is especially relevant for social work practice in that it views human behavior as part of reciprocal relationships with and within a context of many levels of systems that are interconnected. Finally, we include both a diversity perspective and a strengths perspective because they are central to the profession's value system.

Two of the perspectives used in this text, the ecosystems perspective and the functionalist perspective, are partially derived from and closely related to the systems perspective. *Systems* are defined as organized wholes comprising component parts that interact in a distinct way and endure over time (Anderson, Carter, & Lowe, 1999, p. 294). The *systems perspective*, also often called *general systems theory* (see von Bertalanffy, 1968), is an interdisciplinary construct developed to identify common

principles of organization that can be applied to all phenomena. In other words, this perspective assumes there is a similar underlying order to everything in the universe.

Other basic assumptions of the systems perspective include the following:

- Each system has a structure; the parts have a relationship to each other.
- The whole is more than the sum of its parts.
- Everything is connected; a change in any one part affects the system as a whole.
- All systems are, at the same time, made up of smaller (sub)systems and are parts of larger systems.
- Each system has a boundary that separates it from other systems and helps to give it its identity.
- As systems evolve, they become more complex (i.e., the parts become differentiated and more specialized).

While physical scientists use a systems theory perspective to analyze everything from atoms to galaxies, social scientists use it to analyze social systems and their interactions. A *social system* is a social unit, such as a family, group, organization, or community, comprised of elements that are functionally related and interdependent. The parts of social systems do not need to be in close physical proximity to each other. They may have psychological rather than physical boundaries because they exist in social reality rather than in physical reality. The structure of a social system is determined by social roles and shared expectations; often members share common goals.

The assumptions of the systems and social systems perspectives can be illustrated with a school of social work. The school is more than a collection of individuals and spaces, more than faculty, staff, and students, offices, and classrooms. It is part of a larger system, a department, college, or university. It contains subsystems, such as student associations and faculty committees. Professors relate to students as instructors, advisors, and mentors; they relate to the administration as employees. In a large school, some staff may have specialized functions (e.g., accounting,

clerical support, or supervision of other staff). The obvious boundaries of the school not only include building and classroom walls, but also might include psychosocial boundaries such as ID cards, enrollment lists, professional jargon, or a value system that is unique to the profession. It is easy to see how everything is connected and how one part affects the others. For example, if a professor in a foundation course fails to properly prepare students, instructors in subsequent courses will have to change their lessons to accommodate the students' deficiencies.

FIGURE 1.1 CRITICAL THINKING ABOUT SOCIAL SYSTEMS

See if you can apply systems concepts to your family as a social system. What are the parts and how are they interrelated? What larger systems are they a part of? What are the physical and psychosocial boundaries that set them apart from their larger environment? How has your enrollment in school affected other family members? In what ways has your family become more complex since you were born?

The Ecosystems Perspective

One of the common criticisms of the systems perspective stems from the abstract way it conceptualizes phenomena. Because systems concepts literally apply to all phenomena, they do not tell us much about any particular element or interaction. "Ecology, the biological science that studies organism-environment relations, offered concepts of these relations that were less abstract than those offered by systems theories and closer to common human experience" (Germain & Gitterman, 1995, p. 816). The *ecosystems perspective* (also called the *ecological perspective*) was introduced to social work by Carel Germain in 1973. It conceptualized the environment as "more than a static setting" for people's lives (Germain & Gitterman, 1995, p. 816). Concepts from ecology were used to supplement the systems perspective. This was consistent with the person-in-environment worldview of social workers (which Germain and Gitterman wrote as *person:environment* to signify how closely the two are intertwined).

> The ecological perspective makes clear the need to view people and environments as a unitary system within a particular cultural and historic context. Both person and environment can be fully understood only in terms of their relationship, in which each continually influences the other within a particular context. Hence, all concepts derived from the ecological metaphor refer not to environment alone, or person alone; rather, each concept expresses a particular person:environment relationship, whether it is positive, negative, or neutral. (Germain & Gitterman, 1995, p. 816)

Another construct of the ecosystems perspective is *adaptation*, or the various processes people use to achieve a better level of fit between themselves and the settings in which they find themselves. Social systems, as well as individuals, are involved in a process of continuous adaptation within and with their larger environments. In our school of social work example, adaptation would occur if the university lost funding for work-study positions and the school developed paid internships in various social service agencies to fill the gap for financially needy students.

Goodness-of-fit is the extent to which there is a match between an individual's or a group's needs, rights, goals, and capacities and the qualities of their physical and social environments (Germain & Gitterman, 1995, p. 817). In our prior example, goodness-of-fit would be achieved if the school recognized that its student body was comprised primarily of full-time workers and changed its course schedule to offer mostly evening and weekend classes.

Other important ecosystems constructs include niche and habitat. Germain and Gitterman (1995, p. 818) define *niche* as the "status occupied by an individual or family in the social structure . . . [often related to] color, ethnicity, gender, age, poverty, sexual orientation, or physical or mental states." *Habitat* is defined as places or settings where individuals can be found. Whereas it is impossible to analyze the natural social and physical environments of humans as distinctly separate from each other, in this text we find it useful to concentrate on niches in part III and discuss settings where people live and work—locational communities, organizations, and residential institutions—in part IV.

The Functionalist Perspective

The *functionalist perspective* (often called *structural functionalism*) also is closely related to the systems perspective. It is used by sociologists, who are less interested in individual adjustment or smaller social systems than in how society works. They use functionalism to understand larger social systems and the functioning of society as a whole. According to this perspective, "a society is composed of interrelated parts, each of which serves a function and (ideally) contributes to the overall stability of the society" (Kendall, 2013, p. 21). Drawing upon systems perspective and social systems theory, one assumption is that large societal systems reflect a general orderliness and that they maintain a balance or stable state. If one part changes, all the other parts are affected and the system may no longer function smoothly. A recent example is the Great Recession that began in 2007, when a history of risky investments led to the financial failure of some major Wall Street firms and the need for government bailouts to keep others operating, so that the entire U.S. economy would not collapse.

Systems, ecosystems, and functionalist perspectives assume that systems are constantly changing, but that these change processes are incremental (slow and in small steps) and are self-correcting when the system gets out of balance. Functionalists believe that all social phenomena serve the purpose of maintaining the social system. Functionalists see a useful function in everything in society, including elements, characteristics, or processes that most people would view as negative, such as poverty or racial inequality (Davis & Moore, 1945). Because maintaining the status quo supports the interests of those who already hold power and wealth, functionalism is often criticized by those who believe the existing system is unfair.

Theorists who espouse a systems-related perspective (ecosystems or structural functionalism) support small, incremental, and self-righting changes. There is little expectation that the environment will be markedly changed. This point of view differs substantially from the position of conflict theorists (discussed next) who routinely call for fundamental structural change.

The Conflict Perspective

The *conflict perspective* is another perspective commonly used by sociologists. It is most often linked with Karl Marx, who wrote about interclass struggle. Unlike the functionalist perspective, conflict theorists argue that social systems are not united or harmonious but are divided by class, gender, race, or other characteristics that reflect differences in social power as much as anything else. According to this perspective, "groups in society are engaged in a continuous power struggle for scarce resources" (Kendall, 2013, p. 23). In the conflict perspective, problems are defined as social and structural rather than individual, meaning that they can be solved only by social change, not by individual adaptation. Conflict theorists would agree that "it's not the fact that there are rich and poor that generates egalitarian struggle, but the fact that the rich grind the faces of the poor. It's always what one group with power does to another group—whether in the name of health, safety, or security—it makes no difference. The aim, ultimately, of the fight for equality, is always the elimination of subordination . . . no more toadying, scraping and bowing, fearful trembling" (Walzer, 1983, p. 13).

Early social workers recognized structural inequality and oppression, but as a profession they have not until recently drawn upon the conflict perspective as a way to conceptualize human behavior in the social environment. The development of empowerment theories (Lee, 2001; Solomon, 1976, 1987), which have their roots in the conflict perspective, has led to a renewed interest in utilizing this perspective as a way to explain social injustice and privilege. *Empowerment* is a proactive response to assist people who experience systematic forms of harassment and oppression through consciousness-raising and enhancing self-efficacy. In Canada the term *anti-oppressive practice* is used for social justice work within the profession. It includes both process and outcome and encompasses a variety of practice approaches.

Critics of the conflict perspective note that, particularly without adoption of an empowerment approach, social workers using this perspective may overemphasize polarization and antagonism, viewing clients simply as victims and their opponents as oppressors (Robbins, Chatterjee, &

Canda, 2006, p. 88). On the other hand, in contrast to other helping professions, social work has a specific commitment to empowerment at both the personal and group levels.

The Rational/Social Exchange Perspective

The *rational/social exchange perspective* is based on the assumptions that human beings have the capacity to reason, make choices based on consideration of available alternatives and anticipated consequences, and act in their own best interest. Human behavior is believed to be purposeful and goal-directed. At the individual level, rational decision-making theories (e.g., rational choice theory, social exchange theory, fair-exchange theory, reciprocity) suggest that people make decisions based on a cost-benefit analysis.

The rational/social exchange perspective has also been applied to larger social systems (groups, organizations, communities, societies) (Kendall, 2008). Nevertheless, beyond the individual level, rational decision making by a collective body encounters many barriers, including lack of agreement on political, social, economic, and cultural values and goals; inability to compare competing costs and benefits; and the fragmented nature of policy making in large bureaucracies (Dye, 1998, pp. 25–27). Often benefits can be identified only for specific groups, and many of those are conflicting. Another barrier is that individual actors may look out for their own interests rather than that of the collective body or their constituency. The reality is that, at the level of larger systems and social institutions (organizations, communities, government), policies that generate the maximum social gain—the most benefits for the most people—are difficult to develop. In fact, Dye argues that rational decision making "rarely takes place at all in government" (1998, p. 25).

The Social Constructionist Perspective

The *social constructionist perspective* emphasizes the role of the human mind and the shared subjective understanding of localized experiences in defining the social world. ("Localized experience" refers to the notion that all people live in a specific cultural and historical setting that shapes

their perceptions.) The constructionist perspective is based on the assumption that there is no objective reality; rather reality is defined by perceptions and is, in fact, a social construction (see Schutz, 1967). From a constructionist perspective, sociological phenomena, such as society and social institutions, considered by most people to be elements of objective reality, are no more than creations of human thought processes. Although constructionists do not deny the reality of such social phenomena, they suggest that it is important to study the subjective interpretations of such phenomena made by individuals and groups. In sum, this perspective suggests that reality is socially constructed through social interaction and people act in accordance with their constructed reality. An important concept in this perspective is that of standpoints. "*Standpoints* are truths or knowledge created through awareness of reality gleaned from particular social locations. The concept of standpoint assumes that all people see the world from the place where they are situated socioculturally. What is considered to be real depends on one's standpoint and is grounded in experiences related to one's position within the sociocultural topography" (Van Den Bergh, 1995, p. xxvii). The social constructionist perspective is useful in reminding social work practitioners that members of minority groups or other marginalized people may experience a social reality that is quite different from the one experienced by members of the white middle class.

One criticism of social constructionism is that, if everything is subjective and therefore relative, there is no basis for judging situations or determining preferred outcomes (Robbins, Chatterjee, & Canda, 2006, p. 346). Critics of the social constructionist perspective also worry that if social problems are understood as merely the perceptions and claims of particular groups, then there is no basis for taking action (Best, 1989).

The Diversity Perspective

In the past, the idea that America was a "melting pot" held prominence. Today, most social workers do not accept this as a productive point of view, but rather embrace the notion that celebrating different cultures, as well as other kinds of diversity, is healthy for individuals, families, groups, organizations, communities, and society. Acknowledging and valuing human diversity is central to the profession's value base and essential

for culturally competent practice. "Social workers understand how diversity characterizes and shapes the human experience and is critical to the formation of identity" (Council on Social Work Education, 2008, p. 4). Nevertheless, it is important to distinguish between strengths-affirming honoring of differences and recognition of those divisions that are rooted in inequality and facilitate discrimination. Social workers must celebrate diversity while also negotiating resolutions to conflicts in a way that promotes social justice and economic fairness for everyone.

The Strengths Perspective

Another point of view that reflects social work values is the *strengths perspective* (Saleebey, 2002). "While recognizing the fallibilities of people, the strengths perspective brings some balance to the understanding of the human condition" (Saleebey, 2002, p. 265). The strengths perspective views all individuals and groups, regardless of their histories, as having value and capabilities, with resources, skills, motivations, and dreams that must be considered when working with them such that they gain more control over their lives. This perspective offers a basis from which helpers become agents of the client system, which is regarded as having special expertise. Critics of the strengths perspective say that it ignores problems or simply reframes them in a more positive light.

FIGURE 1.2 APPLYING THE PERSPECTIVES

Imagine you have seven friends who have quite different ideas about the community you live in. Read the description of each friend and decide which perspective guides his or her view of the community.

1. Anthony points to the construction of a new shopping mall that the community attracted through the offer of tax breaks for the developer. He notes that although some citizens objected to the project initially, they were persuaded to support it based on a careful evaluation of the potential long-term benefits compared to the short-term costs. Anthony takes pleasure in the observation that the community can usually reach consensus because citizens are willing to take a logical approach to problems.

2. Although some critics of the community point out the absence of cultural events, Yvonne is quick to respond that there is a thriving amateur theater group and community art programs. The community has recently used tax dollars to buy and renovate an old downtown movie theater to host films that are not available to the general commercial market.
3. Michelle takes pride in the community's response to the special needs of both children and older adults. She notes that in developing new neighborhoods, community leaders and members pay attention to the need for adequate green space, sidewalks, and access to public transportation. The community also takes care to screen noise and limit air pollution.
4. James is a big hometown fan. He enjoys the community traditions, such as the annual Fourth of July parade and the community-sponsored Halloween activities for the children. He minimizes any problems the community might have, noting that the City Council, the Chamber of Commerce, the schools, and religious bodies all contribute to the smooth operation of the community as a whole.
5. Marquita experiences the community in a totally different way. It makes her upset to see how children in some neighborhoods attend new schools with computers in every classroom, while those in other neighborhoods have run-down buildings and outdated texts. She notes that some neighborhoods have lots of green space and recreation facilities, while others are strewn with litter and children play in the streets. Marquita believes that the upper-class people who are the leaders in the community government make decisions that ignore the needs of those with limited resources and power.
6. Kim is not surprised to learn that her friends have such different points of view. She is intrigued by how people can view the same community and develop such different evaluations but is comfortable with the idea that even after extensive conversation, her friends may leave with different ideas, all of which have validity.
7. Tom is excited by all of the opportunities in the community to interact with people from different backgrounds, not just in special ethnic celebrations but also in daily encounters. He believes that one of the great assets of the community is the variety of cultures and lifestyles that are found there.

HOW THEORY INFORMS PRACTICE

A *theory* is narrower than a perspective. It is a proposition that explains or predicts something. In other words, it is an educated guess, based on both previous knowledge and observations. Most scientists treat theories as hypotheses to be tested, not as statements of absolute truth. In other words, a theory is provisional; that is, it is used until it is contradicted by objective data supporting a better explanation. A theory may *describe* (how things happen as they do) or *explain* (why they happen as they do). *Prediction* is based on recognizing a recurring pattern so that future events can be anticipated. Prediction may occur without a full understanding or explanation of cause and effect. Usually predictive power alone is not sufficient to develop effective interventions.

Explanatory theories provide a basis for the development or adoption of models of intervention. *Models* provide guidance on how to intervene in a range of situations. They focus on what to do by describing patterns of activities and highlighting certain principles that give professional practice consistency (Payne, 1997, p. 35).

In this text we concentrate on several perspectives and a limited number of related theories that help to describe and explain human behavior. A good understanding of these provides the foundation for selecting appropriate models for intervention. Social work students will spend more time exploring theories of change and models of practice in other courses.

In general we would like to think that models flow neatly from theories and that theories are grounded in coherent perspectives. The reality, however, is that the relationship between these three elements is messy. For example, sometimes an innovative practice intervention precedes the development of a theory that explains why it works, and there are some theories that offer no applications that can be translated directly into interventions. Payne (1997) suggests that when all three elements—perspective, theory, and model—are fully developed and in place, the effective practice of social work is more likely to occur.

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PART II

Social Institutions

Social institutions are among the more abstract notions we present in this book. Social institutions are defined as patterns of human interaction that meet the basic social needs of a society. These needs include reproduction and socialization of the young; establishing a hierarchy of power; producing and distributing goods and services; dealing with questions about meaning, such as the purpose of life, the reason for suffering, and what happens after death; transmitting knowledge and skills across generations; treating the sick and injured; providing for dependent members of society; maintaining social order and defending national interests; and disseminating information. Sociologists recognize several basic social institutions that exist in all societies in addition to the family; among these are government/polity, economy, religion, education, and health care. Some recognize or acknowledge additional social institutions. In this book, we will discuss three additional social institutions: criminal justice; the military; and mass media, social media, and communication technology. These eight social institutions have been selected because they are particularly relevant to social work students. Although social welfare is a social institution that is clearly relevant to social workers and their clients, we are not including it

in this book because social work students take complete courses on this topic.

Even though the idea of a social institution might be difficult to grasp, everyone has had experience with the cumulative effects of each of the social institutions discussed in this section. They have as much influence on social work clients as any smaller social system because they provide the context within which families, organizations, and communities operate. The collectivity of social institutions is what constitutes a society.

We restrict ourselves to three or four major perspectives in our discussion of social institutions. These four perspectives are those used by most social scientists/sociologists to explain social institutions: the functionalist perspective, the conflict perspective, the rational/social exchange perspective, and the constructionist perspective. These perspectives were defined and described in chapter 1.

It makes sense that a rational perspective would apply (at least in principle) to the economy and to government-supported social institutions. The reader should not be surprised, however, to learn that the rational perspective is not easily applied to the health care system, mass media, or religion. Although specific organizations within these systems have centralized administrative and decision-making bodies, and there may be alliances and coalitions that act in concert to meet social needs or to promote particular agendas, there are no central coordinating or planning bodies that are charged with (or have the authority for) setting priorities or making policies regarding those systems as a whole.

We believe that social institutions have the capacity to oppress. They also have the capacity to promote well-being, although for many social work clients, that is not what they experience. Thus, we will explore the effects of each social institution as a context for individuals and families, looking in particular at how they obstruct or promote well-being.

In part II, we begin with what we believe are the most significant social institutions, that is, economics and politics, in chapter 2. In chapter 3, government-related social institutions—education, criminal justice, and the military—are examined. In chapter 4, non-government-related social institutions—health care, religion, and mass media, social media, and communication technology—are addressed. These last five social institutions are examined each in its own right and also in relation to the political economy.

CHAPTER TWO

The Political Economy

We have devoted an entire chapter to the two most important social institutions in America, that is, the economic system and the political system. We will introduce the two separately, but at the end of the chapter, we will discuss how closely they interact. This interaction is so complete that we will label it the *political economy* and thereafter treat it as a single institution.

THE ECONOMIC SYSTEM

The *economic system* organizes and regulates a society's production, distribution, and consumption of goods and services. The American economic system is based on *capitalism*. In an American context, capitalism is usually understood as being synonymous with the business world. The three basic characteristics of capitalism typically cited by economists are private ownership, unfettered market competition, and pursuit of profit. These present a clear contrast to the characteristics of *socialism*, which are public ownership, central planning, and collective goals. These pure ideological models seldom exist in reality; instead many countries have mixed economic models. Even the United States does not have a "pure" form of capitalism, as the government is actively involved in several aspects of economic control. Recent examples of significant government involvement in the economy include the federal bailouts of large banks and automakers in the Great Recession.

Issues and Trends in the Economic System

Corporate Capitalism

A *corporation* is "an organization with a legal existence including rights and liabilities, separate from that of its members" (Macionis, 2014, p. 471). As one outspoken Native American environmentalist notes,

> Corporations exist beyond time and space. . . . They do not die a natural death; they outlive their own creators. And they have no commitment to locale, employees, or neighbors. This makes the modern corporation entirely different from the baker or grocer of previous years. . . . Having no morality, no commitment to place,

> and no physical nature . . . a corporation can relocate all of its operations to another place at the first sign of inconvenience: demanding employees, too high taxes, restrictive environmental laws. The traditional ideal of community engagement is antithetical to corporate behavior. (Mander, 1991, pp. 133–134)

The "profit imperative" and the "growth imperative" are fundamental corporate drives.

Originally chartered by the British monarchy and created as extensions of the government to "promote the general welfare," over time corporations "changed from temporary creations beholden to the state to permanent businesses with a vested interest in serving private capital" (Palmer, 2003, p. 53). In 1886, the Supreme Court ruled that corporations have many rights similar to individuals, and corporations have since assumed that they can exercise rights to free speech, privacy, and protection against self-incrimination (Hartman, 2002). In fact, in a 2010 landmark decision, the U.S. Supreme Court ruled that the government cannot restrict political contributions made by corporations, suggesting that they have the same free speech rights as individuals under the First Amendment (Liptak, 2010).

While small businesses and individual entrepreneurs are often glorified by politicians, the reality is that contemporary American capitalism is about large corporations; *corporate capitalism* dominates the economic system. There are millions of corporations, but only a small number—fewer than a couple of hundred companies—control the vast majority of economic activity. Starting with a database of 37 million companies and investors worldwide, a team of Swiss researchers pulled out 43,060 multinational corporations and then identified a core of 1,318 companies that appeared to collectively own the majority of the world's large blue-chip and manufacturing firms—60 percent of global revenues (Coghlan & MacKenzie, 2011). Among those, the researchers found 147 even more tightly knit companies—mostly financial institutions—that controlled 40 percent of the entire network.

Sociologists often differentiate between *work establishments*, the actual place where someone works, and *firms*, the parent company or organization. An example of a work establishment would be a local Kentucky Fried Chicken, Pizza Hut, or Taco Bell restaurant. An example of a

firm would be their "parent company," Yum! Brands. A majority of workers, especially those in the service sector, go to work in establishments with fewer than 100 employees. A third of all workers, however, are employed by very large firms. Corporations such as automobile manufacturers (e.g., General Motors) and gigantic retailers may employ hundreds of thousands of workers. Wal-Mart is the largest private employer in the world, with more than 11,000 retail units in 27 countries, and 2.2 million "associates" around the world, including 1.4 million in the United States ("Our Business," corporate.walmart.com, 2013). One out of every ten retail workers in the United States is employed by Wal-Mart (Covert, 2013). In 2012 Wal-Mart had revenues of $447 billion, larger than the gross domestic product (GDP) of many countries.

Conglomerates are giant corporations that result from mergers and takeovers of smaller corporations. Beginning in the later 1960s, conglomerates began to appear as a result of the mergers of firms with diverse products and services. For example, Proctor and Gamble, which launched its first branded product, Ivory Soap, in 1879, currently sells many popular items, including Tide, Pampers, Dawn, Crest, Charmin, Oil of Olay, Pantene, Iams, Gillette, Bounty, Duracell, and Tampax.

During the 1980s, many corporations acquired other firms in the same or similar industries. By the late 1990s, this trend involved mergers of more than 5,000 firms a year and transactions of more than $1 trillion, over five times the level of a decade earlier (Stockard, 2000, p. 378). Many of the acquisitions involved "hostile takeovers," that is, the purchase of a company against the wishes of its owners.

At the beginning of the twenty-first century, these merger patterns continued. In the financial arena, many investment banking operations were absorbed into large commercial banking companies. For example, Bear Sterns became a part of JP Morgan Chase in 2008, A. G. Edwards became a part of Wachovia in 2007, and later Wachovia became a part of Wells Fargo. None of this could have happened under the Glass-Steagall Act of 1933, which created the Federal Deposit Insurance Corporation (FDIC) and much of the banking regulation that we rely on today. The Gramm-Leach-Blailey Financial Services Modernization Act of 1999 repealed the language of the Glass-Steagall Act and allowed deregulation in the financial services industry. The following year, passage of the

Commodity Futures Modernization Act made it impossible to regulate credit swaps. The mergers and acquisitions continued even during the federal bailout period of late 2008–2009 (e.g., Merrill Lynch was acquired by Bank of America in late 2008), when some financial corporations were already deemed "too big to fail" (i.e., with so much influence over the national economy that Congress was compelled to use tax dollars to save them from bankruptcy) (Goodman, 2008). Subsequently in 2010, Congress passed the Dodd-Frank Wall Street Reform and Consumer Protection Act. The primary purpose of the Dodd-Frank Act, the most significant financial regulatory reform since the 1930s, was renewed oversight of banks and other financial institutions.

There is probably no entity other than national governments that is big enough to stand up to the power of giant conglomerates. Corporations that are designed to generate profits and that owe allegiance only to their stockholders have less interest in the welfare of employees, consumers, or the environment. "As borderless supercitizens global corporations have changed the international order yet our rules and approaches to governance have remained the same" (Rothkopf, 2010). Multinational corporations "no longer operate in the interest of America *or any country*, while claiming the benefits of being American corporations (when it suits them) . . . or foreign-based when that is what it needs to be [to avoid U.S. tax obligations]" (Johnson, 2013, p. 3).

Corporate power is felt not only within a country, but internationally as well. Corporations may conduct research and development in one country, manufacture component parts in one or several countries (where labor is cheap), assemble the parts in another, have their corporate headquarters in yet another, and sell their products throughout the world. Multinational corporations profess loyalty to no single nation. In fact, many are larger and more powerful than nation-states. For example, the yearly revenues for both BP and Shell are equal to the entire annual gross domestic product of the country of Venezuela (Kendall, 2013).

Changing Patterns of Employment

Today the production economy of the United States has shifted from industrial manufacturing to one that is predominantly service-oriented

and information-based. The new economy provides few openings for unskilled laborers in well-paying manufacturing jobs. Employment in the *service sector* is split between positions requiring technical skills (such as computer programmers) and poorly paid jobs requiring minimal skills. For example, in the fast-food industry, cashiers no longer have to enter prices and make change; they simply hit keys with pictures on them and the customer's change is automatically calculated and discharged. Even the interaction with customers is scripted ("Do you want to supersize that?"). Employment in this part of the service sector does not pay enough to support a family and is unlikely to provide benefits such as health care insurance, career advancement, and retirement plans.

The Status of Labor Unions in the United States. The Bureau of Labor Statistics (2013b) reported that in 2012, among full-time workers, union members had median weekly earnings of $943, while nonunion members had median weekly earnings of $742. Unorganized laborers have little bargaining power, either individually or collectively. In search of greater profits, many companies moved manufacturing jobs first to the antiunion South and then overseas to reduce labor costs. In reviewing a history of labor systems in the United States, *Washington Post* opinion writer Harold Meyerson (2013) suggests that declining hourly wages reflect the ongoing "Southern suppression of workers' rights and incomes" as antiunion sentiments migrate to Republican-controlled states in the North.

Another *Washington Post* writer, Robert Samuelson (2014), notes that the eclipse of the unions "has been stunning." Unions are supposed to be able to deliver higher wages and fringe benefits, greater job security (including protection against arbitrary or unlawful management practices), and better working conditions. But, Samuelson says, the system broke down in the 1970s and 1980s under pressure from nonunion domestic companies like Wal-Mart, foreign companies like Toyota, and new technologies. By 2012, only 11.3 percent of workers were union members. According to a report released by the Bureau of Labor Statistics in January of 2013(b), North Carolina (2.9 percent), Arkansas (3.2 percent), and South Carolina (3.3 percent) had the lowest rates of union membership, while New York had the highest (23.2 percent). About half of the 14.4 million union members in the United States lived in just seven states:

California, New York, Illinois, Pennsylvania, Michigan, New Jersey, and Ohio. Men, black workers, and older workers (aged 55–64) are more likely to be union members than their counterparts, and full-time workers were almost twice as likely as part-time workers to be union members.

Again according to the Bureau of Labor Statistics (2013b), government workers are almost five times more likely to belong to a union as are private-sector employees. The union membership rate for public-sector workers was 35.9 percent, and the rate for local government workers (e.g., teachers, police officers, firefighters) was 41.7 percent. This compared to a rate of just 6.6 percent for all private-sector workers. Current political attacks on the collective bargaining rights of public-sector employees (starting in Wisconsin and Ohio in 2011) overlook the fact that many of their unions sought and received better health and pension benefits in lieu of higher salaries (Robinson, 2011).

Loss of Jobs. *Downsizing* refers to large-scale worker layoffs. (Downsizing may also be called "reduction in force" or RIF.) *Outsourcing* means contracting to have tasks normally done within the company performed under a contract with another company. Commonly outsourced jobs include custodial work or payroll functions. *Offshoring* is the term used when the jobs are still controlled by the company itself but are moved overseas. Many of the lost jobs were in manufacturing or in telephone call centers (Uchitelle, 2006). Another example of this trend was the transfer of customer service and tech support jobs to India where English-speaking, college-educated, entry-level recruits earn $3,650 a year—good wages in India but only a fifth of what an American would be paid for similar work (Carmichael, 2003). Even such traditionally American products as Levi's blue jeans are now being manufactured overseas, with the exception of a single line of jeans produced at a factory in Greensboro, North Carolina, that sells for $178 a pair (Winn, 2012). Some highly skilled jobs also are being offshored, including those of aeronautical engineers, software designers, and stock analysts (Uchitelle, 2003). Whereas factory layoffs used to be temporary and related to economic downturns, with employers calling workers back once a recovery began, outsourcing and offshoring practices reflect structural and permanent changes in the broader economy.

So far in the twenty-first century, some 42,000 factories have closed in the United States, and one-third of all manufacturing jobs have disappeared (Granholm & Mulhern, 2011). Although other kinds of jobs have been created, the new jobs tend to pay significantly less—as much as 80 percent less (LaLonde, 2007; Uchitelle, 2006).

Uchitelle (2006) notes the reality is that there are not enough good jobs available to meet the demands of college-educated and well-trained workers in the United States, which is why so many are working in jobs for which they are overqualified. Mid-wage occupations have not recovered from the Great Recession; 58 percent of recovery growth has been in lower-wage occupations, such as food service and retail, where median wages range from about $9 to $11 an hour (National Employment Law Project [NELP], 2012).

While American workers have been losing jobs, corporations are doing well. Since the Great Recession, corporate profits have returned to record levels due to three reasons: (1) with high unemployment rates, American workers have not been able to demand pay increases; (2) U.S. companies have opened offices and factories in China, Brazil, and India where wages are lower; and (3) a growing middle class abroad has provided new markets for American products (Irwin, 2013; Karabell, 2011; Macionis, 2014). "Making and selling their goods abroad, U.S. multinationals can slash their workforces and reduce their wages at home while retaining their revenue and increasing their profits. And that's exactly what they've done" (Meyerson, 2011).

Effect of Unemployment and Underemployment. The long-term joblessness rate in the United States remains at record highs, far higher than at any time since the Great Depression (Lei, 2013). Long-term unemployment particularly affects minorities, unmarried people, persons with disabilities, and people with less education (Lei, 2013). Unemployment benefits are not generous; they pay half of a moderate-income worker's salary and less than half the salary of higher earners.

One child out of six was affected by parental unemployment and underemployment in 2012 (Isaacs, 2013). A large body of research finds evidence of increased parental irritability and depression, higher levels of family conflict, and less supportive and more punitive parenting behaviors

when parents are laid off (Isaacs, 2013). The stress on children of jobless parents tends to show up in their schoolwork, with lower math scores, poorer attendance, and a higher risk of grade repetition or even suspension (Isaacs, 2013; Lei, 2013).

Beyond the effects on individuals and their families, unemployment also has larger consequences including community breakdown and a rise in social conflict (Lei, 2013; Uchitelle, 2006). In a poor housing market, it is difficult to sell one's house or qualify for a loan to buy a new one, so that one can relocate to take a new job. Unemployed persons tend to withdraw from social and civic activities and direct their anger at a variety of targets, including immigrants, minorities, welfare recipients, and the very rich (Thio, 1998, p. 405).

Beginning in the 1980s, American companies learned that by using "temps" they could hold down wages, reduce the costs of employee benefits, and lay off surplus staff at any time. Although many people (such as students, homemakers, and older adults) work part-time by choice, a significant number do so only because they cannot find full-time employment or need to supplement the income from their full-time jobs. *Contingent work* is becoming a characteristic of the American workforce (Andersen & Taylor, 2013). The contingent workforce is made up of part-time and temporary employees. Temporary workers are the fastest-growing segment of the contingent workforce (Kendall, 2013, p. 394). About 15 percent of new jobs created since the Great Recession have been in the temporary help services sector, with many of them concentrated in large cities (Fang, 2013). Many contingent workers can be classified as *underemployed*, that is, they are overqualified for the positions they fill. For these workers, job security and employment benefits are an illusion.

Minimum Wage

According to the United States Department of Labor ("History of Federal Minimum Wage Rates," n.d.), the federal minimum wage was established in 1938 under the Fair Labor Standards Act. The original amount was $.25 per hour. Southern members of Congress insisted on excluding farm and domestic workers—mostly African American—from the legislation (Meyerson, 2013). Amendments in 1961 and 1966 extended coverage to

employees in large retail and service enterprises; state and local government employees of hospitals, nursing homes, and schools; and to workers in laundries, dry cleaners, and large hotels. Subsequent amendments extended coverage to the remaining federal, state, and local government employees who were not protected in 1966.

The federal minimum wage for American workers as of 2014 was $7.25 per hour. But in about half of states companies can pay workers as little as $2.13 per hour if their wage plus tips equals the minimum. Thus the gratuity he or she receives is really the majority of the server's salary, not an added bonus for good service. The "tipped minimum wage" was last adjusted in 1991. Most of these "tipped minimum wage" workers are employed by restaurants and many are women.

Worker productivity and wages were closely correlated until the 1970s. Since then productivity has kept going up but wages have stagnated (Cooper, 2013). Adjusted for inflation, the current minimum wage is substantially lower than it was in the 1960s. If the minimum wage had stayed coupled to productivity, it would now be $16.50 per hour (Johnson, 2013). The period of 1997 to 2007 was the longest time during which the minimum wage was not adjusted.

U.S. taxpayers are actually subsidizing for-profit companies, such as fast-food chains and giant retailers that pay minimum wage, because their employees qualify for welfare benefits, such as food stamps, Medicaid, the Earned Income Tax Credit, free or reduced-price school lunch programs, and Section 8 housing vouchers (National Employment Law Project [NELP], 2013; Trinko, 2013). McDonald's alone costs American taxpayers an estimated $3.8 billion per year (NELP, 2013). As an occupational group, fast-food workers have the lowest average hourly wage of any of the occupations tracked by the Bureau of Labor Statistics (Trumbull, 2014). At the same time, the CEOs of fast-food companies receive salaries in the tens of millions. According to a recent study, a single Wal-Mart supercenter store with 300 employees likely cost taxpayers at least $904,500 per year (Covert, 2013; Trinko, 2013). The group Americans for Tax Fairness (2014) estimates that Wal-Mart receives a total of $6.2 billion annually in federal taxpayer subsidies (monies paid to its employees through various public assistance programs), while the six Walton heirs have a net worth of $148 billion, making them the wealthiest family in America.

Some states have minimum wage standards that are higher than the federal minimum. As of January 2014, twenty-one states and the District of Columbia have minimum wage rates higher than the federal level (Cooper, 2013; United States Department of Labor, "Minimum Wage Laws," 2013). The state of Washington has the highest minimum wage at $9.19 an hour. When state standards are different from the federal level, the higher rate prevails.

Living wage ordinances have been passed in many communities since the mid-1990s in response to the efforts of community, labor, and religious coalitions, as well as university students (Bernstein, 2004; Karger & Stoesz, 2010). A living wage ordinance establishes a wage floor above that of the minimum wage and commonly covers employers who hold large city or county service contracts or who receive substantial financial assistance from the city.

According to analysis by the Economic Policy Institute (Cooper, 2013), adult workers would be the primary beneficiaries of a higher federal minimum wage. Only 12.5 percent of affected workers would be teens; more employees in the age category of 55 or older would benefit. More than a quarter of those expected to be affected are parents. Low- and minimum-wage workers are often dismissed as "secondary earners," but on average, affected workers typically bring home half their family's total income.

According to government reports summarized by economist Robert Reich (2013), the wages for workers in almost a quarter of all jobs in America are not sufficient to bring a family of four above the poverty line. The Bureau of Labor Statistics estimates that in the next decade seven out of ten new jobs will be classified as low-wage, predominantly in retail and food service industries, with many of them being less than full-time. Although opponents argue that raising the minimum wage would result in job losses, research has shown that this is not the case; in fact it is more likely that new jobs would be created due to increased consumer spending (Harkin, 2013).

Globalization

Another profound change in the economy is the globalization of capitalism. According to some sociologists, its impact is comparable to the

Industrial Revolution (Henslin, 2014). As with the Industrial Revolution, there may be both positive and negative outcomes. One positive consequence for low-income Americans is that their purchasing power may be increased by the availability of inexpensive products made in other countries. An economist suggests that the impact of imports from China alone increases the "real incomes" of such consumers by as much as 5 to 10 percent (Overholt, 2006). Another benefit is the growth in the market for American goods sold overseas. Perhaps the most significant benefit is the improvement in living conditions in countries that are industrializing where hundreds of millions of people were moved "from abject poverty to something that was in some cases still awful but nonetheless significantly better" (Krugman, 2000, p. 18). For instance, life expectancy in China increased by over 30 years in the last half-century (Overholt, 2006) and in Indonesia life expectancy rose from 46 years to 63 years between 1968 and 1990 (Krugman, 2000). The growth of manufacturing has had ripple effects throughout the national economy. In countries where the process has gone on long enough, in South Korea and Taiwan, for example, wages have reached high-income country levels (Krugman, 2000).

On the other side of the globalization trend are threats to the U.S. economy and, in particular, American workers. As noted elsewhere in this chapter, many large corporations have become multinational companies; "they access global markets, easy credit, new technologies, and high quality labor at low prices" (Zakaria, 2010, p. 32). Many large American companies generate half or more of their profits outside the United States. But while capital and technology are mobile, labor isn't. American workers do not benefit from global growth in the same way that corporations do. Developing countries such as China and India add hundreds of millions of jobs and are able to produce the same goods and services at a fraction of the price.

The Great Recession

The immediate causes of the economic crisis that began in late 2007 are complex and difficult to grasp, even by economists. Most agree, however, that one major factor was excessive risk-taking at many levels—from individual home buyers who overextended themselves based on assumptions of ever-increasing home values, to mortgage companies that took on

customers with marginal credit ratings, to regulators "asleep at the wheel," to large financial institutions that bought and bundled risky loans relying heavily on borrowed money to do so. More jobs were lost in between 2007 and 2009 than in the previous four recessions combined (Saporito, 2011). The effects of the Great Recession include failing consumer confidence, slowed economic growth, and continuing high levels of unemployment.

As of 2013, the wealthiest as a group gained back all that they lost in the recession, while those in the middle and lower classes were still suffering. An economic recession can lead to "scarring"—long-lasting damage to individual economic situations and the economy in general (Irons, 2009). Extended periods of high unemployment may create special impediments for job recovery; older workers (people over forty-five) and those who have been out of work for more than six months experience great difficulties in finding work (Krugman, 2014). In addition, unemployment and/or income loss can reduce long-term educational achievement by threatening early childhood nutrition, reducing a family's ability to provide a supportive learning environment, and by forcing a delay or abandonment of college plans (Irons, 2009).

According to a report in the *Washington Post* (Fletcher & Cohen, 2011) Latinos and African Americans were most likely to be left broke and jobless by the Great Recession. Nearly four in ten Latinos said their households had suffered job losses. Nearly four in ten African Americans had to adjust their housing situations and nearly one in three borrowed money from friends or relatives to get by. The foreclosure crisis pushed black home ownership rates down to 45 percent, the lowest rate since 1997. The status of many middle-class black families was threatened with the loss of jobs in the auto industry and in government agencies, which employ a disproportionate share of African Americans.

Understanding the Economic System

Functionalist Perspective

Functionalists believe that large systems are self-correcting, for the most part, if change occurs incrementally. Thus they support a "free market economy" that is allowed to respond to fluctuating supply and demand,

expecting to see a cyclical pattern of peaks and troughs. When matters get too far out of balance, as in periods of recession or inflation, the government steps in to make minor adaptations by changing interest rates, adjusting trade agreements, and other activities.

Functionalists also believe that the opportunity for everyone to be a stockholder, as well as a consumer, is a major positive feature of the American economic system. In effect, everyone, including workers, can also be "capitalists" and share in the profits and the prosperity of a growing company and a strong economy. On the other hand, while *some* households own *some* stock (usually as part of a retirement portfolio), they do not own enough, as individuals, to exercise any control over the companies that they hold stock in.

Conflict Perspective

The laws of supply and demand and the push for profits are not necessarily consistent with the well-being of workers or consumers. Conflict theorists (including Karl Marx) suggest that those who own the means of production will always exploit the laboring classes. These theorists stress that in order to keep labor costs low and profits high, capitalists view workers as expendable commodities who can be exploited to meet the needs of the company.

One indicator of the exploitation of workers is the enormous disparity between the salaries of workers and those who employ them. (See chapter 5 for a comparison of CEO salaries and a typical worker's pay.) Salaries of company executives grew as downsizing became a management strategy. Despite all of the heated rhetoric about executive compensation and extravagant bonuses that occurred at the beginning of the Great Recession, conflict theorists would argue that the focus should not be solely on the distribution of money, but on the concentration of power—both financial and political—in the hands of a few (Domhoff, 2013; Henslin, 2014; Johnson, 2009).

Rational/Social Exchange Perspective

If the explanation of any social institution can be said to be firmly rooted in a social theory, it is capitalism and social exchange. Adam Smith