Exam #1

1.(m/c) The rich have gotten richer in the U.S. in the last thirty years for all of the following reasons EXCEPT: a. favorable legislation, especially tax legislation b. governmental deregulation

c. privatization of public resources d. government subsidies e. none are exceptions

2.(t/f) The real beneficiaries of the growing and extreme inequality in the U.S. have been the top .01%.

3.(m/c) Which of the following is true about the concentration of wealth in the U.S?

a. The top 1% has doubled its share of wealth since the 1970s.

b. The concentration of wealth is greater than other industrial countries.

c. It is the greatest concentration of wealth since the Great Depression. d. b and c e. all of above

4.(t/f) The median family income when adjusted for inflation has declined since the mid-1970s.

5.(m/c) All of the following are true about income in the U.S. EXCEPT:

a. the top 1% of income earners have received over 90% of income gains since the “economic recovery.”

b. despite growing inequality in income, the U.S. is still the most equal country in the world in terms of income distribution.

c. income derived from work is taxed at a higher rate than income derived from investments.

d. ***the top 10% of income earners receive the majority of their income from investments***.

e. none are exceptions

6.(m/c) All of the following are true about U.S. corporations under the Obama administration EXCEPT:

a. they are unable to compete globally because of increased taxes and regulations.

b. they set an all-time record for profit in 2010. c. they have cash reserves of $2 trillion.

d. the 500 largest U.S. corporations set an all time record for profits in 2011. e. none are exceptions

7.(m/c) Which of the following disproportionately benefited the rich?

a. Bush tax cuts. b. cuts in capital gains taxes c. changes in the estate tax.

d. a and b e. all of above

8.(m/c) All of the following benefit from favorable tax legislation EXCEPT:

a. fast food industry b. Hedge Fund CEOs c. Cruise lines

d. U.S. corporations “located” in the Virgin Islands e. none are exceptions

9.(m/c) Corporations and their shareholders benefited from which of the following legislation?

a. Medicare Prescription Drug bill b. Affordable Care Act (“Obamacare”)

c. Welfare Reform legislation under Clinton d. a and ***B*** e. all of above

10.(m/c) Since the end of the Great Prosperity, the financial situation of working class and middle class Americans has deteriorated. All of the following are examples EXCEPT:

a. decline in disposable income b. increase in consumer debt

c. decrease in mortgage debt as housing values increase d. increase in student debt e. none are exceptions

11.(m/c) All of the following are true about poverty in the U.S. EXCEPT:

a. benefits for the poor are so generous, people choose not to work.

b. the number of poor increased during the “Great Recession” because people lost their jobs.

c. the U.S. has the highest rate of childhood poverty.

d. the average number of children in a poor household is 1.8. e. none are exceptions

12(t/f) Understanding poverty as an individual problem, lazy people, rather than the result of economic forces, serves the ideological function of making the poor scapegoats for growing inequality.

13.(t/f) According to Inequality for All, a strong middle class is the necessary foundation for a stable consumer-based economy.

14.(t/f) According to Inequality for All, one of the main reasons for the decline in wages of American workers is their lack of productivity compared to workers in other countries.

15.(m/c) According to Aftershock, there are strong parallels between the Great Depression and the Great Recession. Which of the following are examples?

a. There were booms in the financial sectors based on speculative bubbles.

b. Middle class wages were stagnant and the middle class was forced to go into debt.

c. Consumer demand decreased d. a and b e. all of above

16.(m/c) According to Inequality for All, the end of the Great Prosperity happened in the last years of the \_\_\_\_\_\_\_\_. a. 1960s b. 1970s c. 1980s d. 1990s e. 2000s

17.(m/c)According to Inequality for All, an almost fifty per cent decline in the tax rates for the rich began under which president?

a. Eisenhower b. Ford c. Reagan d. Bush I e. Clinton

18.(m/c) The Great Prosperity, according to Inequality for All, included all of the following EXCEPT:

a. low inequality b. increased educational opportunity, especially affordable higher education

c. decrease in union membership d. highly educated work force e. none are exceptions

19.(m/c) According to Inequality for All, the Great Prosperity involved a Virtuous Cycle. All of the following were parts of the Virtuous Cycle EXCEPT:

a. increase in wages for workers. b. increased unemployment c. increased consumer demand

d. increased tax revenue e. increased government spending on education and infrastructure

20.(m/c) According to Inequality for All, the end of the Great Prosperity led to a Vicious Cycle. All of the following are parts of the Vicious Cycle EXCEPT:

a. wages stagnant for workers b. decrease in consumer demand c. companies downsized

d. higher welfare payments to those people hurt the most. e. none are exceptions

21.(m/c) According to Inequality for All, high concentration of wealth undermines democracy by giving disproportionate power to the rich. All of the following are examples of how the rich have benefited EXCEPT:

a. bailouts b. subsidies c. decreased tax rates for the rich d. trade agreements e. none are exceptions

22.(m/c) According to Aftershock, all of the following made the middle class more secure after the Great Depression EXCEPT:

a. unemployment insurance b. social security c. disability insurance

d. forty hour work week e. none are exceptions

23.(m/c) According to Aftershock, the “multiplier effect” means that money spent has which of the following positive outcomes for the economy and workers?

a. creates jobs b. creates a larger tax base c. provides money for research

d. a and b e. all of above

24.(m/c) According to Aftershock, the rescue plan proposed and enacted by the Bush and Obama administrations to solve the crisis of the Great Recession was designed to save the \_\_\_\_\_\_\_\_\_

a. financial economy b. real economy

25.(t/f) According to Aftershock, those in power still argue that the problems with the economy can only be solved by less government and worker’s “tightening their belts”, also called austerity.

26.(t/f) According to Aftershock, globalization had completely negative consequences for U.S. workers.

27.(m/c).According to Aftershock, all of the following could have been done to offset the negative effects of globalization and automation EXCEPT:

a. more bargaining power could have been given to service workers.

b. the safety net could have been enlarged, for example, unemployment insurance covering part time work.

c. insurance for entire communities that lost their major employer could have been provided.

d. transition assistance to help workers move to new jobs. e. none are exceptions

28.(m/c) According to Aftershock, the middle class tried to cope with the stagnant and declining income in all of the following ways EXCEPT:

a. women entering the workforce. b. average worker working longer hours

c. borrowing on their homes d. entering the workforce at an earlier age e. none are exceptions

29.(t/f) According to Aftershock, in 2009 GM sold more cars in China than the U.S., while being bailed out with U.S. taxpayer money.

30.(m/c) According to Aftershock, a “new deal for the middle class” would include all of the following EXCEPT:

a. a reverse income tax b. higher marginal tax rates on the wealthy

c. school vouchers based on family income d. Medicare for all e. none are exceptions

31.(t/f) According to Aftershock, one of the solutions to the problem of the undermining of our democracy would be stronger campaign finance laws.

32.(t/f) According to Aftershock, affluent Americans are able to secede geographically into private communities and fund high levels of services and infrastructure through fees and special taxes.

33.(t/f) According to Aftershock, the “basic bargain” of consumer capitalism is that workers are also consumers. Their earnings are continually recycled to buy consumer goods and services. So workers need a proportionate gain in income growth to keep the economy going.

34.(m/c) The capacity of a group or person to realize their goals despite opposition is called: a. distributive power b. collective power

35.(t/f) According to Domhoff, the upper class controls two organizational networks, the economic system and the military.

36.(t/f) According to Domhoff, the upper class, through it social interactions and institutional affiliations, develops a class consciousness-what is good for corporations and the upper class is good for America.

37.(m/c) According to Domhoff, all of the following are ways in which the power of the upper class is institutionalized in the economic system EXCEPT:

a. concentration of ownership b. shared monopolies c. boards of directors

d. producer networks e. none are exceptions

38.(t/f) The global financial crisis of 2007 was created primarily by the sale of CDOs (Collateralized Debt Obligations), valueless derivatives made up of bad mortgages, credit card debt and student loans.

39.(m/c) All of the following are examples of the means by which the upper class develops cohesion through its shared social experiences EXCEPT:

a. private universities b. elite prep schools c. country clubs

d. Bohemian Grove e. none are exceptions

40.(t/f) According to Domhoff, corporate executives or powerful political figures who are not members of the upper class may be assimilated into the upper class both economically and socially.

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Match the power network to its primary function.

Power Network Primary Function

41. candidate selection process a. influences legislation

42. special interest process b. controls elections

43. policy planning process c. manufactures consent

44. opinion shaping process d. develops public policy

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45.(m/c) According to Domhoff, the upper class is a(n):

a. economic class b. political class c. social class d. a and c e. all of above

46.(m/c) According to Domhoff, the upper class believes it needs to control the political system because:

a. by doing so it avoids the possibility of the government intervening on behalf of the people.

b. by doing so it hopes to avoid the possibility of the people challenging its power.

c. by doing so it can control foreign policy and make sure that the government pursues international policies in its interests. d. a and b e. all of above

47. (m/c) The beginning of the documentary Inside Job looked at which of the following countries?

a. Ecuador b. Iceland c. Greenland d. Great Britain e. Norway

48.(m/c) According to Inside Job, the above country ***(omit “see question 25”)*** did all of the following EXCEPT:

a. privatized its banks b. deregulated the economy c. made highly speculative loans

d. opened natural resources to foreign corporations e. none are exceptions

49.(m/c) According to Inside Job, deregulation in the U.S began with whose administration?

a. Richard Nixon b. Jimmy Carter c. Ronald Reagan

d. George W. Bush e. George H.W. Bush

50.(m/c) According to Inside Job, the deregulation that created the conditions for the economic crisis of 2007 happened during the presidency of \_\_\_\_\_\_\_\_.

a. George H.W. Bush b. George W. Bush c. Bill Clinton d. Barrack Obama

51.(t/f) The Commodities Futures Modernization Act and the Gramm-Leech-Bliley Act were two legislations that deregulated the financial industry and created the conditions for the economic crisis of 2007.

52.(m/c) Which two corporations merged illegally but got a waiver until the law was changed?

a. Wells Fargo/Hartford b. Bank of America/Farmers Insurance

c. Citibank/Travelers d. J.P. Morgan/Chase e. Time/Warner

53.(m/c) Which of the following corporations made the crisis worse by selling insurance on CDO transactions? a. AIG b. Farmers Insurance c. Goldman Sachs d. Wikipedia

54. (m/c) All of the following are consequences of the financial crisis of 2007 EXCEPT:

a. it was global b. millions lost their homes c. million lost their jobs

d. millions lost their retirement e. none are exceptions

55.(t/f) The Obama administration did its best to fix the crisis by appointing people to key positions who had expertise and who were obviously not involved in creating the problem.

56.(m/c) Academics contributed in all of the following ways to the economic crisis EXCEPT:

a. worked in the government in policy making capacity.

b. published research papers supporting the deregulation policies.

c. received large sums of money to advocate for and defend the deregulation policies.

d. admitted their mistakes, resigned their academic positions because they also admitted to conflicts of interest, and committed seppuku. e. none are exceptions

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Match the following term to its definition or example.

57. Glass-Steagall 58. Investment bank 59. Collective power 60. Interlocking boards of directors

a. Goldman Sachs

b. the capacity of the people in a democracy to shape the world in which they live.

c. legislation that separated investment banks from commercial banks.

d. members of the upper class who control the operations of corporations.

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61.(m/c) According to Gangs of America, the \_\_\_\_\_\_\_\_\_\_ Amendment is cited as having established the precedent that corporations are persons under the law.

a. Twelve b. Thirteenth c. Fourteenth d. Fifteenth e. Nineteenth

62. (t/f) According to Gangs of America, the assumption concerning corporations in early America was that they were inherently dangerous because of their capacity to accumulate power.

63.(m/c) According to Gangs, the public in early America believed that corporations were necessary to:

a. create jobs b. provide goods and services to consumers

c. meet specific social needs d. a and b e. all of above

64.(m/c) All of the following were pre-Civil War controls over corporations EXCEPT:

a. life span was limited to 20-30 years.

b. charters limited the amount of investment capital, capitalization

c. corporations were restricted to operation in the state in which they were chartered

d. charters sometimes limited amount of profit e. none are exceptions

65.(m/c) Which of the following were Superpowers that have been given to corporations?

a. no limits on life span b. no restrictions on location c. no limits on size d. a and b e. all above

66.(m/c) According to Gangs of America, the social theory with the most significant impact on the U.S. Supreme Court was:

a. democratic theory b. liberal social theory c. free market theory

d. social Darwinism e. libertarianism

67.(m/c) All of the following are true in regard to corporate rights of free speech EXCEPT:

a. corporate advertising is protected under the First Amendment by the ruling that advertising increases the amount of information the public will have.

b. corporations have the right of negative free speech; they can limit the amount of information the public can have.

c. non-factual corporate advertising is protected because it increases the information available to the public.

d. the biggest defender of corporate free speech is the American Civil Liberties Union

e. none are exceptions

68.(m/c) Business considered \_\_\_\_\_\_\_\_\_\_\_the most dangerous man in America in the 1960’s and 1970’s .

a. Eugene Debs b. Ralph Nader c. Daniel Ellsberg d. Martin Luther King Jr. e. Dalton Trumbo

69.(m/c)All of the following are means that corporations used to regain power lost in the 1960s and 1970s EXCEPT:

a. American Legislative Exchange Council (ALEC) b. front groups, like Center for Tobacco Research

c. legislation, like food disparagement laws. d. judicial education seminars

e. none are exceptions

70. (m/c) \_\_\_\_\_\_\_\_ refers to corporations being able to pursue acquisitions and create spin-off companies.

a. adaptability b. shape shifting